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GOVERNMENT AND ADMINISTRATION

Northern Ireland

Recent events concerning Northern Ireland include the statement by the Secretary of State for Northern Ireland on the Provisional IRA's declaration of a further ceasefire from 10 February; the publication by the Northern Ireland Office of the third discussion paper in the series leading up to the Northern Ireland Constitutional Convention (see p 247, 1974); and the second reading in the House of Lords of the Criminal Jurisdiction Bill (*Hansard*, HL, 5.2.75, cols 952-74).

CEASEFIRE

In a statement to the House of Commons on the declaration by the Provisional IRA of a further ceasefire, to run from 10 February (*Hansard*, 11.2.75, cols 207-20); the Secretary of State for Northern Ireland, Mr Merlyn Rees, after reminding the House of his outline of Government policy towards Northern Ireland of 14 January (see p 5), and of his further statement of 5 February (when he had told members that his officials had had a number of meetings with various organisations, including the Provisional Sinn Fein, to make sure that this policy was clearly understood – *Hansard*, cols 1383-86) said that, subsequently, a scheme had been put forward for making effective arrangements to ensure that any further ceasefire did not break down.

The scheme [which has since been put into effect] involved the establishment in various parts of Northern Ireland of a number of incident centres [six] manned by civil servants and linked with the Northern Ireland Office in Belfast. If developments occurred which seemed to threaten the ceasefire, these centres would act as a point of contact in either direction. Issues referred direct to the Northern Ireland Office in Belfast would be considered there and a reply passed back to the appropriate incident centre for outward transmission. Any general difficulties emerging out of these exchanges would be discussed between officials of the Secretary of State and representatives of legal organisations.

Incident Centres

At meetings during the week 13-20 February between the Secretary of State and delegations from the United Ulster Unionist Council and the Alliance Party, Mr Rees stressed that the centres were intended only as points of contact with the Provisional Sinn Fein to ensure that the ceasefire should not break down. They would not in any way interfere with the work of elected representatives or the security forces, and the civil servants staffing them would be in no way involved in any negotiation or adjudication. This point – that the centres were a means of communication and were not concerned in any way with policing or with politics – was further emphasised at a meeting between officals of the Northern Ireland Office and representatives of the Ulster Defence Association on 27 February. It was made clear at this meeting that attempts to confuse the centres with other offices set up for other purposes by the Provisional Sinn Fein were 'mischievous and tendentious'.

Release of Detainees

The release of 79 detainees since 22 December, when the Provisional IRA declared the ceasefire which ended on 16 January – 61 by executive action and 17 by the commissioners and by the Detention Appeal Tribunal (see p 466, 1972) – was announced in a statement issued at Stormont on 24 February by the Secretary of State for Northern Ireland. Mr Rees also announced a further programme of executive releases, which would involve the release of 80 people during the coming weeks.

This programme, said the statement, was consistent with previous declarations by the Secretary of State about his readiness to speed up the rate of releases once he was satisfied that violence had come to a permanent end (see p 5); it also took into account the overall situation in Northern Ireland since the declaration of the further ceasefire (see above). The first releases would take place during the following week. Subsequently they would depend on the progress made towards a genuine and sustained cessation of violence throughout the community as a whole.

The statement further said that the Secretary of State had signed no interim custody orders since 11 February, but that his policy on the signing of such orders depended firmly on the level of violence. Arrests for criminal offences would continue in the normal way.

CONSTITUTIONAL CONVENTION

Discussion paper 3: Government of Northern Ireland[1] – the third in the series leading up to the

[1] HMSO, 20p. ISBN 0 11 880324 7.

Northern Ireland Constitutional Convention – covers the sharing of responsibility in government; describes the present structure of government and public bodies; identifies some of the main features of possible future patterns of government; and draws attention to how some of these matters have been arranged in other countries which have community problems.

Democratic Government and Shared Responsibility

The paper discusses the means by which democratic countries develop institutions of government to suit their own needs and describes the pattern which has evolved in Britain. It goes on to ascribe the failure in Northern Ireland of institutions based, without substantial modification, on the British pattern to the fact that the population of Northern Ireland is divided, as it is not elsewhere in the United Kingdom, into two distinctive communities – a division which has permeated the conflict of parties and fixed the relationship between majority and minority. The experience of recent years in Northern Ireland, says the paper, has led to the inescapable conclusion that widespread and genuine participation is essential to government by consent. A temporary minority reconciles itself to opposition in the knowledge that it has enjoyed a period in government and will do so again. A large permanent minority with no genuine chance of share in government – particularly if it represents not merely a party or political view, but a whole community – is likely to oppose not only the Government of the day, but the system of government itself. While criticism and opposition are important in the democratic process, they are not enough as a permanent role.

Present Structure of Government in Northern Ireland

Part 2 of the paper outlines the constitution of Northern Ireland deriving from the Northern Ireland Constitution Act 1973 (see pp 231 and 303, 1973) which, except for those parts dealing with the Assembly and administration (currently suspended by the Northern Ireland Act 1974 – see p 247, 1974), remains in full force and effect. Among the provisions that have continued in operation the paper calls particular attention to those for the prevention of religious and political discrimination (including the appointment of a Standing Advisory Committee on Human Rights – see p 484, 1973), which supplemented existing safeguards provided by, for instance, the creation of the offices of the Parliamentary Commissioner for Administration and the Commissioner for Complaints (see pp 610, 1969, and 52, 1970).

Patterns of Future Government

In Part 3 the paper points out the importance of recognising, in any future scheme of government, that the institutions needed in Northern Ireland will be vitally concerned with the organisation, provision and administration on a regional basis, of services (such as housing, schooling, hospitals, roads, and so forth) which will affect the daily lives of the whole community. Therefore the objective must be to find means through which all the people of Northern Ireland will have an effective voice in their direction and management.

In this connection the paper discusses the contribution to a stable system made by various forms of legislative and constitutional protection (including some of those applied in other countries with community problems, such as Belgium and Switzerland), and examines different ways by which a genuine sense of participation in regional government might be achieved – for instance, through a ministerial system under which each department of government would have a single political head, these heads collectively forming an administration to co-ordinate the policy, programmes and activities of government as a whole, or through an executive committee system under which a department, instead of having a single individual as its political head, would operate under the direction and control of a committee drawn from, and representative of party strengths in, the legislature.

It is not the Government's intention, says the paper, to commend any particular pattern or structure, although some of those described or variations of them may have a contribution to make towards a suitable scheme of government. What is important is that the scheme ultimately recommended by the Convention should, taken as a whole, be likely to command the most widespread acceptance throughout the whole community in Northern Ireland.

Convention Chairman

The appointment of Sir Robert Lowry, Lord Chief Justice of Northern Ireland, to be the chairman of the Constitutional Convention of Northern Ireland, was announced by the Secretary of State for Northern Ireland, in answer to a written question in the House of Commons on 21 February (*Hansard*, written answers, col 542). At a press conference in Belfast, Sir Robert said that he would cease to sit in a judicial capacity as soon as the Convention met. [The date of the elections has not yet been announced.]

CRIMINAL JURISDICTION BILL

The Criminal Jurisdiction Bill, which implements the findings of the Law Enforcement Commission's report (see pp 201-2, 1974), proposes that courts in Northern Ireland should be enabled to try fugitive offenders accused of committing serious crimes of violence in the Irish Republic, and that evidence in connection with a trial in the Republic of fugitives accused of corresponding offences in Northern Ireland should, if necessary, be taken on commission in Northern Ireland.

Proposed Provisions

Moving the second reading in the House of Lords the Lord Chancellor, Lord Elwyn-Jones, explained that the Bill provided that an act or omission taking place in the Republic of Ireland, which if committed in Northern Ireland would be an offence under

Schedule 1 of the Bill, would constitute an offence in Northern Ireland, and that it would be an offence for a person to escape in the Republic when in legal custody in connection with an offence which was an extra-territorial offence either of the Republic or of Northern Ireland. [The offences listed in Schedule 1 and defined in the Bill as 'extra-territorial offences' are: the common law offences of murder, manslaughter, arson, kidnapping and false imprisonment; offences under the Malicious Damage Act 1861 relating to setting fire to public and other buildings including a dwelling house while a person is inside, a house, outhouse or business or farming premises with intent to injure or defraud any person, and a railway station, or to goods in certain buildings, and to interference with railways; the offences of causing, or wounding with intent to cause, grievous bodily harm under the Offences Against the Person Act 1861; offences under the provisions of the Explosive Substances Act 1883 relating to causing an explosion likely to endanger life or damage property, attempting to cause any such explosion, making or possessing explosive in suspicious circumstances; offences under the provisions of the Firearms Act (Northern Ireland) 1969 relating to the possession of firearms or ammunition with intent to endanger life or cause serious damage to property, the use of firearms to resist arrest, the possession of firearms when committing or being arrested for specified offences, the carrying of a firearm or imitation firearm with intent to commit an indictable offence or to prevent arrest; and the possession of firearms or ammunition in suspicious circumstances; the offences, under the Theft Act (Northern Ireland) 1969, of robbery and aggravated burglary; the offence of hijacking an aircraft under the Hijacking Act of 1971; and a new offence of hijacking a vehicle or ship, or of compelling another person to use a vehicle for an unlawful purpose (for instance, planting bombs by proxy).] The Bill also amended the Northern Ireland (Emergency Provisions) Act 1973, to enable trials of extra-territorial offences to be heard without a jury, and to restrict the granting of bail and the place of trial. As a safeguard for the accused he might opt to return for trial to the jurisdiction where the alleged crime was committed. Protection was also provided against double jeopardy: proceedings could not be taken in Northern Ireland where there had been a conviction or acquittal of the alleged offence in the Republic.

On the 'key issue' of witnesses, Lord Elwyn-Jones said that the United Kingdom Government had agreed with the Irish Government to take full security measures to protect witnesses whose evidence necessitated travel to the other jurisdiction.

The Bill itself empowered a court trying an extra-territorial offence to withhold the names and addresses of witnesses. Further, where witnesses were not prepared to travel, there was provision for the court of trial to request the other jurisdiction to nominate a Commissioner – a High Court Judge – to hear the evidence in private in the presence of the trial judges, of the accused (if he wished to be present) and of counsel for the prosecution and for the defence.

The remaining clauses of the Bill dealt with technical matters relating to evidence, provided for the offence of perjury for the making of false statements, and required the consent of the Attorney General for the prosecution of extra-territorial offences. The Bill also amended the Explosive Substances Act of 1883 to make it an offence under United Kingdom law for a United Kingdom citizen to cause an explosion (Section 2) in the Republic, and re-enacted in clearer form the existing law on various preparatory acts with intent (including conspiracy) to cause an explosion in the Republic.

Reciprocal legislation for the Irish Republic was introduced in the Dail in November 1974, except for Section 2 of the Explosive Substances Act.

House of Lords Debate

During the debate Lord Elwyn-Jones said that the Bill reflected the resolution of the United Kingdom Government and the Government of the Irish Republic to solve the problem of the fugitive terrorist in Ireland.

The Lord Chancellor, after reminding the House that there was no formal extradition treaty between the Republic and the United Kingdom, explained that the return of offenders was normally achieved by the police of one country executing a warrant issued in the other and bringing the accused before a court, responsible for his surrender or otherwise. The court had to be satisfied that the offence corresponded with one under the law of its own country and was not of a political character. In the Republic but not in the United Kingdom, the court had also to be satisfied that it was not an offence connected with a political offence. These arrangements had functioned effectively in non-political cases and would continue to apply but in the present situation in Northern Ireland they had created 'grim difficulties' – judgments in the courts in the Republic having indicated that if a person appealed against extradition on the grounds that he committed his offence as a member of the IRA, that offence was likely to be regarded as political and non-extraditable. The Bill before the House and the equivalent legislation in the Republic were intended to fill the 'startling void' thus created.

Purpose of the Bill

In conclusion the Lord Chancellor told the House that in the last four years some 38 warrants for persons wanted for terrorist offences had been sent from Northern Ireland to the Republic. 'Your Lordships may think', he said, 'that this number is not large and does not justify a Bill of this nature. But the 38 terrorist crimes concerned were serious offences indeed, and the number of warrants would have been greater if witnesses had been forthcoming and if it were possible for the police to question suspects across the border. . . . This Bill aims a double blow at the terrorist. It should remove a refuge and enable evidence to be obtained more easily to bring them to book.'

In the debate which followed, Opposition speakers indicated their support for the Bill, which was then read a second time and committed to a committee of the whole House.

Organisation of Referendum on European Community Membership

A White Paper about the organisation of the national referendum on the United Kingdom's membership of the European Community was published by the Government on 26 February.[1] It is concerned with the conduct of the poll and arrangements for voting, the provision of information to the voters and the scope of the legislation required, but does not touch on the substance of renegotiation.

In drawing up the White Paper, the Government has consulted the political parties and leading organisations campaigning both for continued membership of, and for withdrawal from, the Community, and has considered experience of referenda elsewhere (an appendix to the White Paper summarises the practice in a number of countries). Nevertheless, it regards the document as providing a basis for further discussion, and will pay careful attention to reactions to it, both in Parliament and outside.

The Poll and the Question

The White Paper's general approach to the organisation of the referendum is that the familiar procedures and practices applied to normal United Kingdom elections should be used as far as possible.

The Government is concerned that the size of the turn-out should be adequate, and is confident that it will be so. It also considers it to be of great importance that the verdict of the poll should be clear and concise. No special qualifications or conditions for the size of the turn-out or the size of the majority are proposed, however. The Government has agreed to be bound by the verdict of the people, as expressed in the referendum result, and accepts that, following normal electoral practice, the result should rest on a simple majority.

Turning to the ballot paper question, the White Paper reaffirms the Prime Minister's previous statements that the referendum should ask for a simple 'yes' or 'no' to a single straightforward question about Britain's membership of the Community. The Government is not yet committed to any form of wording, but will seek to ensure that the words on the ballot paper are as free from bias as possible. For discussion, the following wording is proposed for the ballot paper:

> 'The Government have announced the results of the renegotiation of the United Kingdom's terms of membership of the European Community.
>
> Do you think that the United Kingdom should stay in the European Community?
>
> Yes .....
> No .....

Provision will be made for bilingual ballot papers to be used in Wales.

Voting Arrangements and the Count

In the Government's view, the electorate should include people on the current parliamentary election register which came into force in February 1975, together with peers (who are registered for local government, but not parliamentary, elections). The Government proposes to ensure that the postal and proxy voting facilities which are available for general elections are also available for the referendum poll.

Responsibility for polling arrangements (other than the counting of votes) will be placed in England and Wales on the returning officers for district council and London borough elections, in Scotland on the returning officers for regional and islands authority elections, and in Northern Ireland on the Chief Electoral Officer.

Polling will take place in the normal way. From 7 am to 10 pm on the appointed day voters will go to their local polling stations, which will be those used for general elections. The Government is considering to what extent the presence of independent observers would be appropriate and useful.

The votes cast and sealed into ballot boxes at local polling stations can be counted at various levels, but, in the Government's opinion, the most appropriate arrangement in the special circumstances of the referendum will be to count all the votes centrally and to make a single declaration of the United Kingdom result. To announce the result in this way, the Government feels, will secure its widest acceptance by the British people. Detailed arrangements for a central count are being planned, and a national returning officer is to be appointed to be responsible for the arrangements for counting the votes and certifying the result.

Information Activities

The Government has given careful consideration to the part it should play in providing information to the public about the issue of continued membership of the Community and about the referendum itself. The question of membership has been debated many times in the last 15 years, and a very large Government information campaign would be inappropriate. The campaigning organisations, the press, radio and television can all be expected to provide an ample supply of information about the Community.

However, the outcome of the renegotiation and the Government's recommendation whether to stay in the Community or not are to be explained fully to voters in a further White Paper (which will be debated in Parliament). A popular version containing a less technical account of the renegotiated terms and the Government's recommendation is also to be published. A copy of this document and an explanation of the way in which the referendum will be conducted will be delivered to every household.

The Government is also proposing that every household should also receive at public expense a single document containing a statement of between 1,000 and 2,000 words on each of the opposing views about Community membership, together with answers given by each side to the same set of questions. This document would be best prepared, the Government feels, by representatives of the main campaigning organisations representing the two points of view.

For the period before the poll a special Cabinet Office information unit is to be established by the

[1] *Referendum on United Kingdom Membership of the European Community.* Cmnd 5925. HMSO, 20p. ISBN 0 10 159250 7.

Government to deal with the expected substantial additional flow of requests to the Government for factual information, interpretation of the renegotiated terms and the like from the press, radio, television and interested organisations and individuals.

On the subject of the information activities of other bodies, the Government has no desire to limit traditional freedom of speech, but rather a desire to see that both sides of the case are known to the public and that public interest in the issues is stimulated. It is considering the provision of limited financial assistance for the campaign, to be divided equally between the two sides, if it is possible to identify two organisations which adequately represent those campaigning for and against continued Community membership.

The Government is confident that the broadcasting authorities will exercise editorial discretion designed to ensure a fair balance between the opposing views in news and feature programmes (political advertising is not permitted on British radio or television), and would welcome an initiative to run a series of short 'referendum broadcasts' in the two or three weeks before polling day.

Any attempt to limit total expenditure on the campaign by the two sides is seen by the Government as impracticable. The Government does, however, believe that it is a matter of legitimate public interest to know the quantity and sources of money spent on the campaign by major organisations and interests, and is considering how far it is possible to require this information to be disclosed.

The restrictions and requirements which apply to the conduct of a general election campaign should, in the Government's view, apply as far as is practicable to the referendum. These would include, for example, a ban on the employment of paid canvassers and a requirement that all campaign literature should bear the names and addresses of sponsoring organisations.

Legislation

Legislation will be necessary to make specific provision for various matters which will apply uniquely to the referendum and to adapt the existing electoral machinery as needed. The Government proposes that the Bill itself should authorise the holding of the referendum and include machinery for the determination of the date. It will specify the wording of the question; include provision for the appointment of someone to have overall responsibility for counting the votes and announcing the result; and will make appropriate financial provision in connection with the holding of the referendum. It will also include the power to adapt the existing machinery by Order. The Order will be made as soon as possible after the Bill has passed all its parliamentary stages. A draft will be published at the time the Bill is introduced or very soon afterwards; this will enable the Bill to be debated against the background of specific proposals relating to the machinery.

Timetable

The period of further uncertainty over British membership of the Community should, in the Government's view, be kept as short as possible in the interests both of Britain and of other Community Governments. When first announcing the referendum, the Prime Minister said on 23 January (see pp 49-50) that, provided the outcome of renegotiation were known in time the Government intended to hold the referendum before the summer holidays, in practice not later than the end of June, and proposed to introduce the necessary legislation around Easter-time with a view to securing its passage through Parliament before the end of May.

Increase in the Civil List

An increase of £420,000 in the annual Civil List provision for the expenses incurred by the Queen in pursuance of her official functions was announced in the House of Commons on 12 February by the Prime Minister, Mr Harold Wilson (*Hansard*, cols 373-84), and approved by the House a fortnight later. An offer by the Queen to contribute from her own resources the sum of £150,000 towards expenses in 1975 has been accepted by the Government.

Background

Apart from expenditure borne directly on Government departments' votes presented to Parliament each year (covering, for instance, the costs of the royal yacht, the Queen's Flight, travel by train and the upkeep of the royal palaces), the Queen's public expenditure is financed from the Civil List; private expenditure as Sovereign from the Privy Purse; and personal expenditure as a private individual from her own personal resources. The Privy Purse receives the net revenues of the Duchy of Lancaster, and meets the cost of private expenditure arising from the Queen's responsibilities as head of State, of creating a pension fund for employees not otherwise provided for, of the maintenance of the Queen's private residences, Balmoral and Sandringham, of charitable subscriptions and donations and of staff welfare and amenities. The Privy Purse has on occasion also met substantial Civil List deficits, and has contributed to the official expenses of other members of the royal family.

The Civil List is a direct charge on the Consolidated Fund under the Civil List Act 1972 (see pp 4-6 and 143, 1972), and covers the salaries and expenses of the royal household in providing for the Queen's official duties as head of State, and royal bounty, alms and special services. Under the 1972 Act it amounted to an annual sum of £980,000.

If in any year the Civil List provision exceeds official expenditure, the excess is paid to the 'royal trustees' (the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse, an official of the Royal Household) to be accumulated to make good any future deficiencies.

Annual allowances are also made under the 1972 Act for certain other members of the royal family, although no special provision is made for the Queen's eldest son, the Prince of Wales, who is entitled, as Duke of Cornwall, to the net revenues of the estate of the Duchy of Cornwall (at present he surrenders half to the nation). An annual sum of

£60,000 is made available to the royal trustees to enable them to contribute towards the expenses involved in the performance of royal duties by members of the royal family for whom Parliament has not otherwise made provision.

Increased Provision

At the time when Parliament was considering the 1972 Act it was expected that the Act's provisions would suffice to cover expenditure for a period of about five years, but the royal trustees have now reported to the Treasury[1] that, despite every effort to secure economies in the administration of the royal household, expenditure on the Civil List increased to £1·18 million in 1974, and is expected to rise to £1·4 million in 1975. This does not represent any increase in real expenditure. About three-quarters of the Civil List expenditure is on wages and salaries, mainly of staff engaged on manual and clerical work, whose earnings are wherever possible closely linked with comparable Civil Service rates. It is expected that salaries and wages will have increased by about 70 per cent between 1972 and the end of 1975. The remaining quarter of the Civil List expenditure consists of other expenses which have risen by considerably less than the increase in the retail price index. It is estimated that by the end of 1975 the increase in these expenses since 1972 will have been 32 per cent.

The surpluses built up since the level of Civil List provision was fixed in 1972 were exhausted in 1974, and it was only with the aid of a contribution by the Queen of more than £60,000 from her own resources that expenditure for the year was covered. Parliament has therefore been asked to approve an increase in the amount to be paid from the Consolidated Fund from £980,000 to £1·4 million, an increase of £420,000 that allows for no rise in expenditure in real terms. The Queen's offer to contribute £150,000 towards Civil List expenses in 1975 will reduce the actual increased net call upon public funds in 1975 to £270,000, so that the net Exchequer provision for 1975 will be 27·6 per cent above the 1972 provision.

No increase is proposed for 1975 in the amounts of the annuities payable to other members of the royal family for whom Parliament already makes specific provision, but an increase from £60,000 to £85,000 is to be made in the amount payable to the royal trustees for contributions towards the expenses of the performance of official duties by members of the royal family for whom no specific provision is made.

Parliamentary Approval

The House of Commons approved the increases on 26 February when a motion to annul the order giving effect to the extra provision was debated and rejected by 427 votes to 90, a majority of 337 (*Hansard*, cols 575-636).

Future Provision

The increases in the Civil List are expected to meet requirements for 1975, but do not provide any surplus to meet deficits in later years. In the belief that, in a time of rapidly rising costs and prices, the traditional system of settling the Civil List by legislation at relatively infrequent intervals becomes unworkable, the Government is proposing, with the Queen's agreement, to seek the authority of Parliament at the beginning of the next session to finance future increases in the provision by means of a grant-in-aid made to the royal trustees by the Treasury out of money provided by Parliament. Grants made in accordance with this arrangement would be included in estimates, and debated and voted by Parliament under the normal procedure for supply.

[1] *Civil List Act 1972: Report of the Royal Trustees.* HMSO, 14p. ISBN 0 10 021995 0.

Parliamentary Broadcasts

The House of Commons has voted in favour of an experiment in the public sound broadcasting of its proceedings, to be held in accordance with conditions approved by the Select Committee on House of Commons (Services) (*Hansard*, 24.2.75, cols 48-178). At the same time it rejected a similar proposal relating to television broadcasting.

Introducing two separate motions, one authorising the sound broadcasting and the other the televising of proceedings, the Lord President of the Council and Leader of the House of Commons, Mr Edward Short, said that the motions fulfilled an undertaking given in the Queen's speech in October 1974 (see p 412, 1974) to provide a further opportunity for the House of Commons to come to a decision on the broadcasting of its proceedings.

Mr Short said that detailed arrangements for these experiments would be made by the Services Committee of the House of Commons in consultation with the broadcasting authorities.[1] If the House of Commons were to decide in favour, there would be a subsequent opportunity, when the Services Committee had reported on the outcome of the experiment, for Members of Parliament to decide whether they were in favour of the permanent public broadcasting of their proceedings.

It was expected of the broadcasting authorities that they would meet the cost of the experiment, Mr Short said, but if it were decided in favour of some form of permanent broadcasting there would need to be further discussions with them about how such permanent arrangements should be financed.

The broadcasting authorities were in favour of a three-week television experiment and a four-week radio experiment. If discussions between the broadcasting authorities and the Services Committee could be concluded quickly, Mr Short said, the experiments could take place before the summer recess (usually at the end of July).

The radio experiment would involve the use of recorded extracts in news bulletins and the 'Today

[1] There are two broadcasting authorities in Britain, the British Broadcasting Corporation (BBC) and the Independent Broadcasting Authority (IBA). The BBC operates two television channels and the IBA one. The BBC also operates four national radio services and 20 local radio stations while the IBA is responsible for ten independent commercial radio stations and a further nine due to open by the end of 1975.

in Parliament'[1] type of programme. The use of recorded extracts by local radio would be an important aspect.

On the question of editorial control, Mr Short stressed that even in a short experiment the proceedings of the House should be seen in a fair and balanced way. The broadcasting authorities were already under an obligation to treat controversial political matters with proper balance, with accuracy and with impartiality. Mr Short said he had no doubt that the authorities would do all in their power to fulfil their obligation which, in the case of the IBA was statutory, and in the case of the BBC, agreed.

New Opposition Leader

Mrs Margaret Thatcher was elected as the new Leader of the Opposition in the House of Commons on 11 February by the 276 Conservative Members of Parliament. She is the first woman to become leader of one of the three main political parties. The election was the first to be conducted under a revised set of rules, drawn up by a party committee chaired by the former Conservative leader and Prime Minister, Sir Alec Douglas-Home (now Lord Home).

Election Procedure

Under the revised rules an election is held annually on the opening of each new session of Parliament or between three and six months from the date of assembly of a new Parliament. Candidates are proposed and seconded by members of the Conservative group in the House of Commons and, if necessary, there are three ballots.

A candidate is elected on the first ballot if he or she receives both an overall majority of the votes of those entitled to vote and 15 per cent more of the votes of those entitled to vote than any other candidate. Before the ballot there is opportunity for Conservative constituency associations to make their views known.

If no winner emerges on the first ballot a second one is held and nominations for the first are void. Candidates who did not stand in the first ballot may stand in the second. The winner of the second ballot is the candidate receiving more than 50 per cent of the votes of those entitled to vote.

A third ballot is organised if there is no second ballot winner. The three candidates receiving the highest number of votes at the second ballot go forward to the final ballot where each voter indicates his first and second choices. The candidate with the lowest number of first preferences is eliminated and the votes of those giving him or her as their first preference are redistributed among the other two in accordance with their second preferences.

Once the result of the election has been declared the winner is presented for confirmation as Leader of the Conservative Party to a meeting of Conservative Members of Parliament and Peers, adopted parliamentary candidates and members of the Executive Committee of the National Union of Conservative and Unionist Associations.

The Result

Three candidates stood for the first ballot which was held on 4 February: Mr Edward Heath (party leader since 1965 and Prime Minister from June 1970 until the general election of February 1974); Mrs Margaret Thatcher (Secretary of State for Education and Science from 1970 to 1974) and Mr Hugh Fraser. Votes were cast as follows:

Mrs Thatcher	130
Mr Heath	119
Mr Fraser	16

On learning the result Mr Heath resigned as Leader and withdrew from the contest. Mr Fraser also withdrew leaving Mrs Thatcher to go through to the second ballot. Four additional candidates were nominated for the second ballot: Mr William Whitelaw, Mr James Prior, Sir Geoffrey Howe and Mr John Peyton, all of whom held ministerial office in Mr Heath's administration.

The second ballot took place on 11 February and Mrs Thatcher obtained the necessary majority of votes.

Mrs Thatcher	146
Mr Whitelaw	79
Sir Geoffrey Howe	19
Mr Prior	19
Mr Peyton	11

Mrs Thatcher was confirmed as Leader of the Conservative Party by the party meeting on 20 February.

[1] 'Today in Parliament' was introduced by BBC radio in 1945 as a daily factual and impartial account of proceedings in Parliament.

EXTERNAL AFFAIRS AND DEFENCE

European Community

Renegotiation of Britain's Community membership terms ended when the two issues still outstanding were settled by Community heads of Government meeting in Dublin on 10 and 11 March.

The British Prime Minister, Mr Wilson, said after the meeting: 'We have taken discussions as far as we can and we know where we stand.' He said that the outcome of the renegotiations would be reported to the Cabinet, which would then make a recommendation on continued membership to the British people.

The issues decided by the Dublin meeting of what is now known as the European Council concerned the mechanism for refunding excessive contributions to the Community budget, and Community imports after 1977 of New Zealand dairy products. The details of these agreements were not available for inclusion in this edition of *Survey of Current Affairs*, but will be described in a future article.

Preliminary examination of the two final renegotiation issues took place at a meeting in Brussels of Community foreign ministers on 3 and 4 March. On that occasion, the Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan, also raised the question of the effects of the European Coal and Steel Community on the Government's freedom to intervene in the British steel industry. He told the Community foreign ministers that although this issue had been included in his speech on renegotiation in June (see pp 209–12, 1974), consideration of the matter could be deferred for the time being.

The Council of Ministers meeting produced agreement on the text of two regulations relating to the Community's regional policy, details of which are examined below. Also examined are decisions reached by Community agriculture ministers during their annual review of the Common Agricultural Policy.

REGIONAL DEVELOPMENT FUND

Community foreign ministers agreed the details of a regulation establishing a three-year Community regional development fund of approximately £550 million designed to assist areas of the Community suffering from over-reliance on agriculture, from industrial change or from structural under-employment.

Although the text of the regulation was agreed, its formal adoption by the Council depended on its examination by the European Assembly at its session of 10-14 March. The same conditions applied to a second regulation on the establishment of a Regional Policy Committee of national and Commission officials who will examine the future development of Community regional policy.

Payments from the regional development fund, the general principles of which were agreed by the Community's heads of Government at their Paris meeting in December (see pp 8-12), will either supplement or reimburse a proportion of national regional aids.

All regions of the Community which qualify for national aids will be eligible for assistance from the Community fund. Although a central purpose of the fund is to increase or maintain employment in deprived regions, it was agreed that there should be no requirement that eligible projects should have a demonstrable connection with the creation or maintenance of jobs. This condition would have caused difficulties for Britain, whose regional development grants are paid without specific reference to the employment effects of a proposed investment.

It will be the responsibility of national Governments to apply for assistance from the Community fund for particular projects in the regions which they choose.

Britain's gross receipts from the fund are expected to amount to some £150 million over the three years. Because it is to be financed from contributions from the Community budget, Britain's net receipts will be smaller. The Minister of State for Foreign and Commonwealth Affairs, Mr Roy Hattersley, said in the House of Commons (*Hansard*, 27.2.75, col 845) that it was likely that they would amount to about £60 million.

In addition to reaching agreement on the regional development fund and the Regional Policy Committee, foreign ministers conducted a preliminary discussion of a Commission communication on the co-ordination of member States' regional aid systems. The freedom to conduct the regional policy which it considers appropriate to its needs has been a prime objective in Britain's renegotiation of its terms of Community membership. However, in a House of Commons debate on the Community's regional policy (*Hansard*, 27.2.75, cols 778-80 and 845-55) Mr Hattersley said that Britain did not reject the principle of co-ordinating regional aids. 'Each member nation has a great deal to gain from a policy which prevents wasteful competition – the

bids and counter-bids – in attempts to attract investment into areas of high unemployment', he said.

'But we believe, and we insist, that the rules must be so constructed that the needs of British regional policy, as judged by us, can be met within them.'

COMMON AGRICULTURAL POLICY

Radical changes in the organisation of the beef market were among decisions reached by Community agriculture ministers in their review for 1975-76 of the operation of the Common Agricultural Policy (CAP).

Agriculture ministers, meeting in Brussels on 11-13 February, established an option for any member country to transfer the burden of support for beef producers onto a system of deficiency payments, partly financed from Community funds, and away from permanent intervention.

The Minister of Agriculture, Fisheries and Food, Mr Peart, who represented Britain at the Council of Ministers meeting, told the House of Commons (*Hansard*, 17.2.75, cols 917-19) that Britain would take up this option. He said: 'This new system has been introduced on our initiative. I regard it as a major reform of the Common Agricultural Policy. It gives the producer an assured return without forcing consumer prices up to unacceptable levels, and without building up mountains of frozen beef. This is the right way to give support.'

An important element of Britain's renegotiation of the terms of its Community membership has been to seek changes in the CAP, including the establishment of an effective alternative to permanent intervention as a method of supporting the beef sector.

The new system will be operated in Britain with the intention of providing producers with an average return between March 1975 and February 1976 of between £22 and £23 per live cwt.

Throughout the year a fixed headage payment is to be made. When the sum of this payment and the average market price of clean cattle falls below a monthly target price fixed by the Government, an additional variable premium will be paid. Related to the average market price, the variable premium will be designed to increase the average return to the level of the target price. It will be calculated separately for Northern Ireland.

The average total premium throughout the year can be up to about £5 per live cwt, but it may vary above or below this figure at particular times.

Intervention on a limited basis will still be undertaken to support the market price of beef. However, an essential feature of the new scheme is that the headage payment and the variable premium will not be paid on beef sold into intervention. This is intended to reduce effective buying-in prices and ensure that support buying takes place only on a limited scale.

Mr Peart told the Commons that the total cost of the premium payments would vary according to the state of the market, but would at most be about £135 million over the year. About £47 million of this would be paid by FEOGA, the Community's agricultural fund.

Prices for 1975-76

In addition to introducing the new optional beef regime, the agriculture ministers decided to increase the common prices of products covered by the CAP by an average of between 9 and 10 per cent for the coming year.[1]

The effect of this increase, which refers to common prices expressed in units of account, differs in its impact on market prices from one member country to another. This is partly because ministers decided to alter the rates of exchange, or 'representative rates', between national currencies and the special units of account used for agricultural purposes (see p 96.) In addition, the agreed changes refer only to the level of support prices, and do not necessarily imply similar changes in market or producer prices. Moreover, for some products Community members are entitled to pay subsidies to final consumers.

In his statement, Mr Peart indicated that the increase in common prices together with the transitional step that Britain has made this year towards price levels in the rest of the Community should result in an increase in retail food prices of less than 2 per cent.

Sugar

The largest common price change agreed by the agriculture ministers was a 15 per cent increase from 1 July 1975 for beet sugar. As a consequence of changes in CAP monetary arrangements, this increase amounts to about 17 per cent in Britain, bringing the total sugar beet price to about £16 a ton. Mr Peart said that he hoped that this would encourage an increase in the sugar beet acreage.

Milk Products

The common target price for milk is increased over the year by a total of 10·7 per cent – 6 per cent from 3 March and a further 4·7 per cent from 16 September. Although Britain is still operating the guaranteed price system for milk (see p 108), the increases in the common target price for milk affect the British market through the derived increases in common prices for butter and cheese. In the case of butter, the intervention price is increased in March by 6 per cent, and in September by a further 8·2 per cent.

The agriculture ministers made provision for the continuation of butter subsidies for consumers generally, and also for those people in receipt of social welfare benefits. In the case of Britain, the FEOGA contribution to the general butter subsidy is expected to rise from about £26 to about £48 a ton.

Pigmeat

The basic price for pigmeat will rise by 8·5 per cent on 1 August, by which time the pig guarantee in Britain will have been ended and the Community system of support adopted.

[1] Most of the prices agreed by the agriculture ministers do not apply in full in Britain, where they are reduced to take account of transitional arrangements. In addition, Britain is still operating a system of guaranteed prices for milk, cereals and pigmeat (see pp 108-9).

Monetary Changes

The realignment of representative rates – the special rates of exchange between national currencies and the unit of account for agricultural purposes – was agreed in order that they should be more closely related to rates of exchange used for all other purposes.

Currency movements such as those which have occurred recently have potentially distorting effects on agricultural trade between Community members when unchanged representative rates are used to convert into national currencies CAP prices expressed in units of account. In order to eliminate differences in prices between one Community member and another, 'border taxes' in the form of export or import taxes or subsidies have been imposed on intra-Community trade in CAP products. These monetary compensatory amounts (MCAs) are calculated with reference to the percentage movement of a country's currency away from its representative rate. Consequently, the larger the appreciation or depreciation of a country's currency, the larger the MCAs necessary to prevent trade distortions.

The agriculture ministers agreed to reduce MCAs by fixing representative rates at levels closer to current exchange rates. In the case of the Federal Republic and the Benelux countries, this involved revaluing representative rates, while the British, French, Italian and Irish rates were devalued.

In Britain's case, the rate of exchange for the 'green pound' was reduced from £1 = 2·0053 units of account (ua) to £1 = 1·96178 ua. This has enabled a reduction of MCAs as a result of narrowing by 2·5 percentage points the gap between the rate of exchange for sterling and the British representative rate.

In addition, all Community countries with depreciating currencies agreed that MCAs would not be applied for the first 1·25 percentage points movement of their currencies away from their representative rates.

A consequence of these changes, which apply from 3 March, is that the percentage increases in common prices when expressed in national currencies are higher in countries with currencies which have depreciated, and lower in the Federal Republic and Benelux countries.

Hill Farming

The agriculture ministers also reached agreement in principle on the Directive on Less Favoured Areas, which refers to aid for hill and mountain farming.

It was agreed that FEOGA should contribute at least 25 per cent of headage payments to hill farmers, and that this figure should be reviewed in the near future with a view to its increase. In his Commons statement, Mr Peart said that he expected the United Kingdom to be a net beneficiary of the scheme.

The Community has accepted the Government's definition of the areas which should be eligible for special assistance, and its insistence that payments should not be reduced for those farmers in receipt of retirement pensions.

Anglo-Soviet Relations

PRIME MINISTER'S VISIT TO THE SOVIET UNION

At the invitation of the Soviet Government the British Prime Minister, Mr Harold Wilson, accompanied by the Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan, visited the Soviet Union from 13 to 17 February. The Prime Minister and the Foreign Secretary held a series of talks with the General Secretary of the Central Committee of the Communist Party of the Soviet Union, Mr Brezhnev, the Chairman of the Council of Ministers of the USSR, Mr Kosygin, and Mr Gromyko, the Soviet Foreign Minister. Senior British and Soviet officials also took part in the talks. It was the first visit by a British Prime Minister to the Soviet Union for seven years. During their stay Mr Wilson and his party visited Moscow and Leningrad.

Speaking in the House of Commons after his visit, on 18 February (*Hansard*, cols 1111-20), Mr Wilson commented on the talks: 'I believe that the visit has marked, as we hoped it would, the opening of a new phase in our relations with the Soviet Union: a phase in which there is reason to hope that these relations will be safer, warmer and more constructive than we have enjoyed for a number of years.'

A joint statement was issued at the end of the visit. This, together with the texts of the agreements and programmes signed by the two sides, has subsequently been issued as a White Paper.[1]

The main points of the statement are summarised below.

Bilateral Relations

Emphasising the importance that both sides attached to the development of bilateral relations, they noted with satisfaction the recent improvement of relations between their two countries, and agreed on practical steps to be taken with a view to promoting their further fruitful development. The two sides reaffirmed their resolve to hold regular exchanges of views at various levels on important issues of international and bilateral relations. Guided by the desire to lay a stable and constructive foundation for Anglo-Soviet relations and acknowledging the responsibility of Britain and the Soviet Union for furthering the process of *détente*, Mr Wilson and Mr Brezhnev signed a Protocol on Consultations; they expressed their conviction that its implementation would give a new impetus to the development of Anglo-Soviet co-operation in the political field. In this context, they stressed the special significance of meetings between the leaders of the two countries.

Economic Relations

Having thoroughly reviewed economic relations, the two sides agreed that mutually beneficial commercial links were an important element in relations between them. They reaffirmed the im-

[1] *Visit of the Prime Minister and the Secretary of State for Foreign and Commonwealth Affairs to the Soviet Union 13-17 February 1975.* Cmnd 5924. HMSO, 29p. ISBN 0 10 159240 X.

portance of the Agreement on the Development of Economic, Scientific, Technological and Industrial Co-operation signed in London on 6 May 1974 (see p 154, 1974). Two long-term Programmes giving practical effect to the 1974 Agreement, on economic and industrial co-operation and on scientific and technological co-operation respectively, were signed by Mr Wilson and Mr Kosygin during the visit. Commending the work done in these fields by the Joint Anglo-Soviet Commission, which first met in January 1971, the two sides expressed their hope that its fourth meeting, to be held in Moscow in May, would promote further progress in the field of economic co-operation.

The two sides expressed their intention to make further efforts to increase the volume of trade in both directions on the basis of mutual benefit. They agreed to aim at achieving a substantial increase in the level of trade and a better balance and structure of trade over the next five years. There were good prospects for the early conclusion of a number of large-scale contracts on a mutually advantageous basis; particular note was taken of promising proposals for co-operation involving Soviet organisations and enterprises and British companies in the development of natural resources.

Agreement was reached on credits for a five-year period in recognition of the need for both sides to extend to each other credits on the most favourable possible terms.

Scientific and Cultural Relations

The special importance attached by both sides to the further development of scientific and technological co-operation was reaffirmed. They noted with satisfaction the extent of co-operation between Britain and the USSR in the field of nuclear energy and undertook to examine the possibilities for mutually profitable co-operation in the production of equipment for nuclear power stations.

Mr Wilson and Mr Kosygin signed an Agreement on Co-operation in the Field of Medicine and Public Health. The two sides also spoke in favour of the further development of Anglo-Soviet co-operation in the fields of agriculture and protection of the environment.

The important role of cultural links between the peoples of the two countries in promoting the fuller mutual knowledge of achievements in literature, art and other fields of cultural activity was emphasised. The forthcoming signature of the next in the series of Anglo-Soviet Cultural Agreements covering 1975-77 was noted. The two sides resolved to set up an Anglo-Soviet Round Table whose members would be distinguished representatives of public life, science, culture, commerce, the press and other fields. The Royal Institute for International Affairs in Britain and the Institute for World Economy and International Affairs of the USSR would undertake the task of organising the meetings of the Round Table, the first of which would be held in Britain in 1975.

Confirming the importance they attached to the development of contacts between the British Parliament and the Supreme Soviet of the USSR, the two sides noted with satisfaction that a delegation from the latter would visit Britain later in 1975. Reviewing the possibilities of extending their contacts into other fields, the two sides agreed on an exchange of visits between representatives of the armed forces.

International Questions

The progress made in recent years in developing *détente* and peaceful co-operation between States was noted with satisfaction; Britain and the Soviet Union pledged their efforts to establish *détente* on a firm basis throughout the world. They recognised the importance for the strengthening of universal peace of the agreements and understandings between the USSR and the United States, including the agreements on the prevention of nuclear war and on the limitation of strategic arms.

Europe

The two sides noted with satisfaction the positive trends, in which the Conference on Security and Co-operation in Europe played an important role, towards the establishment of relations of stable peace, good neighbourliness and co-operation in Europe. They said that much progress had been made at the conference and, the joint statement continued, 'They are convinced that premises exist for completing the work of the Conference and for holding its third stage at the highest level in the near future'.

Britain and the Soviet Union expressed themselves in favour of complementing measures of political *détente* in Europe with those of military *détente*. They exchanged views concerning negotiations on the Mutual Reduction of Forces and Armaments and Associated Measures in Central Europe. They reaffirmed that the specific arrangements to be worked out should conform to the principle of undiminished security for each party.

The Middle East

Both sides expressed their deep concern at the dangerous situation in the Middle East. They emphasised the necessity of achieving a just and lasting settlement as soon as possible, based on the implementation of the resolutions of the United Nations Security Council, particularly No. 338, taking due account of the legitimate interests of all States and peoples of the region including the Arab people of Palestine, and with respect for the right of all States in the area to an independent existence. It was considered that the Geneva Conference should play an important role in the establishment of a just and lasting peace in the area and that it should resume its work at a very early date.

Cyprus

Britain and the Soviet Union reaffirmed their support for the principle of preserving the sovereignty, independence and territorial integrity of the Republic of Cyprus. They supported the implementation of the relevant resolutions of the UN Security Council and General Assembly, and recognised the one lawful Government of Cyprus headed by President Makarios.

Indo-China

The necessity of strict observance by all its parties of the Paris Agreement (see pp 71-4, 1973) on ending the war and restoring peace in Vietnam was stressed. Both sides welcomed the concrete

measures to implement the agreement on restoring peace and achieving national accord in Laos. They expressed themselves in favour of a just settlement of the Cambodian problem with full consideration for the national interests and legitimate rights of the people of Cambodia, without any outside interference.

Arms Control and Disarmament

Convinced that effective measures should be taken to end the arms race and to achieve general and complete disarmament under strict and effective international control, the two sides stated their belief that the convocation of a World Disarmament Conference (WDC) might contribute to the solution of the pressing problems of disarmament. They confirmed their intention of continuing their co-operation with the UN *ad hoc* committee on the WDC.

Britain and the Soviet Union expressed confidence that the ratification of the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxic Weapons and on their Destruction (see pp 194-6, 1972) would take place very soon and that as a result the convention would enter into force. They were in favour of the earliest possible achievement of an international agreement on the prohibition of chemical weapons.

Other Matters

The two sides were in favour of giving effect to the UN General Assembly resolution on the prohibition of action to influence the environment and climate for military and other purposes incompatible with the maintenance of international security, human well-being and health.

Attaching great importance to the Conference on the Law of the Sea, the two sides pronounced themselves in favour of adopting constructive decisions in that field on an international basis with due regard for the interests of all States. They acknowledged the value of the consultations held in the past between representatives of their two countries, and intended to continue them in the future.

Declaring their determination to work for the strengthening of the United Nations on the basis of the strict observance of the purposes and principles of the UN Charter, both sides stated their support for its work in promoting the consolidation of international *détente*, in strengthening international peace and security and in developing peaceful and fruitful co-operation.

The two sides share the view that the meetings and talks held during the Prime Minister's visit had made an important contribution to the further development of relations between Britain and the Soviet Union and to the cause of international *détente*. Mr Wilson invited Mr Brezhnev, Mr Kosygin and Mr Gromyko to pay official visits to Britain. The invitations were accepted with gratitude.

Joint Anglo-Soviet Declaration on the Non-Proliferation of Nuclear Weapons

In order to reaffirm the importance which Britain and the Soviet Union attached to the Treaty on the Non-Proliferation of Nuclear Weapons and to effective measures to control the spread of nuclear weapons and the means to make them, Mr Wilson and Mr Brezhnev signed a Declaration on the Non-Proliferation of Nuclear Weapons on 17 February. The declaration expressed the conviction of Britain and the USSR that further measures could be undertaken to provide nuclear materials, equipment and information for peaceful uses in non-nuclear-weapon States. Such measures should be under effective safeguards by the International Atomic Energy Agency and should not in any way contribute to the spread of nuclear weapons. The two countries aimed at the ending of all test explosions for all time. In the meantime, till the conclusion of an appropriate international agreement for this purpose, they would work for agreements limiting the number of underground nuclear tests to a minimum. The declaration stated that both countries attached great importance to the conference meeting in Geneva in May 1975 in order to review the operation of the Non-Proliferation Treaty. They believed that this review would strengthen the effective implementation of the treaty; and it would be their joint purpose to make a success of the conference.

Speaking in the House of Commons on 18 February, Mr Wilson said that the declaration, which was the result of a British initiative, was the first bilateral initiative of that kind. He trusted that it would give a constructive lead to the review conference meeting in May.

ECONOMIC AND SCIENTIFIC AFFAIRS

Petro-dollar Recycling and the Economy

Oil-producing countries could be expected to show an increasing interest in equity investment and Britain was able to offer a very wide range of investment outlets, the Chancellor of the Exchequer, Mr Denis Healey, told the Diplomatic and Commonwealth Writers' Association in a speech in London on 13 February. Although the international private banking system had so far coped with most of the petro-dollar surplus with unforeseen ease, Mr Healey warned that possibly the banking system would become increasingly unwilling and unable to accept more short-term deposits from the oil-producing countries. The oil producers had to be enabled to make productive long-term capital investments instead. The basic interest of the investors was to obtain financial assets of a good value and rate of return. It was wholly in the interest of the oil-consuming nations that as much as possible of the oil producers' investment should be held in a stable long-term form.

Economic Adjustment

Looking back some 15 months after the start of the oil price increases, the Chancellor said that some limited satisfaction could be taken from the unexpected and unpredictable success of the oil-consuming countries in adjusting to the new situation. The governments of the consumer countries had so far managed to adapt their behaviour to the unprecedented increase in the oil prices at least without disaster. Initially few of them had taken full account of the extent to which the oil price increase acted as a tax increase, adding its deflationary impact to economies which had already begun to slow down following their simultaneous burst of growth a year before. In the summer of 1974 the British Government had decided to apply a modest reflation to the British economy and to increase the stimulus still further in November 1974 (see pp 316-17 and 426-9, 1974); that was one reason why the rate of unemployment in Britain was lower than that in most other countries.

With the United States and the Federal Republic of Germany having now also decided to reflate there was a good chance that the present world recession would not turn into a slump. Nevertheless, the level of unemployment in some countries was higher than at any time since the second world war, and Mr Healey feared that nothing could prevent the downturn in world trade from continuing for some time. The hoped-for recovery might be delayed into 1976.

Some experts now estimated that the petro-dollar surplus would not exceed $250,000 million in the next few years – considerably less than had been previously assumed. However, the surplus still represented a formidable diminution in the world's purchasing power. Unless the money could be recycled to those who needed it to pay for the oil necessary to keep their industries at work, there could be disastrous political as well as economic consequences in many parts of the world.

Agreements

Modest satisfaction could be taken in the agreement reached in Washington a few weeks ago for cycling problem did not have to be tested. It prothrough the enlarged IMF oil facility this year (see p 62). Quoting Dr Kissinger, Mr Healey said the agreement ensured that the limits of the private banking system's capacity to cope with the recycling problem did not have to be tested. It provided a stable location for a significant part of the petro-dollar surplus, which might otherwise have moved about in ways which disrupted the international monetary system. The Chancellor hoped that the details of the OECD 'safety net' arrangement (see p 62) could be agreed in the next few weeks so that the parliaments concerned could proceed to ratify it as soon as possible.

These two agreements provided much improved means to meet the financing difficulties which many countries were bound to face in the coming months. Therefore the whole world could be more confident of avoiding further reductions in trade and economic activity which might otherwise have been unavoidable. Comfort could also be taken from the demonstration that governments of varied complexions and attitudes could, when necessary, reach agreement rapidly on problems which were unprecedented both in scale and nature.

Forthcoming Discussions

The Chancellor noted that discussions about an international conference between the oil producers and the oil consumers, both developed and developing, would begin shortly. It was essential that these discussions should be constructive, aiming at finding some common solutions to common problems, rather than at confrontation. The developed world had to recognise that the oil producers had committed

themselves to devoting a far greater proportion of their national wealth to helping the Third World than had the developed world. The less-developed oil-consuming countries would feel at least as much in common with the oil producers – who themselves were, in the main, part of the Third World – as they did with the richer consumer countries such as Britain. However, it was necessary to show all the partners in these talks that the economic health of the oil-consuming countries was a pre-condition of achieving their own economic targets. Mr Healey believed that the European Community's recent conclusion of an agreement on trade and aid with 46 developing countries in Africa, the Caribbean and the Pacific (see p 51) set a useful precedent in this respect.

Transfers of Resources

A problem that needed special attention was that as the oil-producing countries developed their economies they would increasingly be able to absorb imports of goods and services not just to the value of the oil they were currently exporting but to the value of the oil they had exported since the price increase began at the end of 1973. This would increasingly mean large transfers of resources to these countries, a process which had already started. It was essential that the oil-consuming countries should use the petro-dollars they obtained meanwhile not just to maintain their current living standards but also to produce the new productive capacity they would need if their living standards were not to fall disastrously as this transfer of resources took place.

A means of helping the oil producers to channel their surplus funds into productive investment from which all could benefit had to be found. To some extent this could be achieved by the oil-consuming countries themselves if they adopted appropriate economic and industrial policies; but it would not happen on the necessary scale without co-operation between the oil consumers and producers. The Chancellor noted that several ingenious proposals for achieving this had been put forward in recent months but he felt that the oil producers might prefer to choose for themselves how to use their funds for productive investment. The oil-consuming countries should not seek to impose their own schemes on the oil producers.

Investment in Britain

Britain was fortunate in being able to offer a very wide range of investment outlets and Mr Healey believed that an influx of investments from abroad could provide a valuable stimulus to industry and employment in Britain over the next few years. There could be problems concerning overseas investment in Britain's economy, particularly where there might be some risk of important elements in the economic system falling under undue external influence. For this reason Britain had always had arrangements within the framework of exchange control and other legislation which enabled it to refuse particular investments which might seem undesirable. The Chancellor was sure that the oil-producing countries understood this point. However, many overseas investors with control of, or substantial participation in, individual companies in Britain had made contributions of great value to the British economy. With an industrial base as large and diverse as Britain's there was great scope for participation by the oil-producing countries in the equity of British industrial companies. Britain should welcome the oil-producing countries as investors in its industry no less than investors from the United States or Europe or elsewhere with whom Britain had learned to work to mutual advantage for many years.

BRITAIN'S ECONOMIC POLICY

'For Britain the oil surcharge [that is, the increased cost of oil – see p 441, 1973 and p 17, 1974] is the equivalent of a levy of 3½ per cent on the nation's output of goods and services', said the Prime Minister, Mr Harold Wilson, at a lunch of the Merseyside Productivity Council in Liverpool on 7 February. 'That is the amount which has to be diverted from home consumption to overseas trade if balance is to be restored.' However, it had to be diverted without imperilling the investment needed to produce the industrial capacity for meeting export demand and to sharpen Britain's export competitiveness.

Mr Wilson stated that this diversion to the needs of exports and investment dictated wide areas of Britain's economic policy – the need for the observance of the social contract (see p 393, 1974), and also the pattern of public spending. The Government's White Paper on public expenditure (see p 66) deliberately set the rate of increase of public expenditure for the next five years at a level below the forecast increase in national product. The Government had to ensure that it freed enough resources for the balance of payments and investment. But doing this, and at the same time making progress towards its most important social programmes, left very little room for the growth of personal incomes.

The Middle East: British Exports

Britain's increasing export trade with the Middle East and the prospects for its further expansion were outlined by the Secretary of State for Trade, Mr Peter Shore, in a speech to the Middle East Association in London on 5 February. The region already accounted for 8 per cent of Britain's total exports, Mr Shore stated, and, in view of the oil wealth and major development ambitions of many Middle Eastern countries, it would rank higher in both the visible and invisible trade accounts in the future. The opportunities the region presented Britain, he added, extended well beyond exporting in the traditional sense. Opportunities were also there for the City of London and for a great range of consultancy services.

British Exports 1974

Exports to the Middle East in 1974 rose by 53 per cent to total some £1,295 million, exactly double the amount recorded in 1972. This, Mr Shore explained,

Britain's Main Export Markets in the Middle East: 1973 and 1974

£'000

Country	*Food and Live Animals*		*Beverages and Tobacco*		*Chemicals*		*Manufactured Goods*		*Machinery and Transport*		*Miscellaneous Manufactured Goods*		*Others*		*Total*	
	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974
Algeria	1,834	3,395	174	186	1,178	2,241	4,226	7,056	24,919	30,365	907	1,799	4,590	9,636	37,868	54,723
Egypt	956	3,395	763	1,092	4,531	10,820	4,265	6,065	11,790	24,848	3,223	2,720	456	1,978	27,116	52,360
Iran	1,451	2,081	478	852	13,435	27,433	19,858	33,054	99,249	143,305	6,066	8,734	2,821	13,993	169,412	278,580
Iraq	497	1,241	119	571	4,415	8,335	6,392	16,558	13,464	27,702	1,544	3,190	456	1,978	27,057	59,753
Israel	2,923	7,317	811	1,041	10,035	14,575	124,973	133,209	38,139	47,365	4,634	6,541	2,517	3,930	187,248	219,206
Kuwait	2,928	4,338	2,269	3,050	4,274	6,662	6,459	11,386	11,294	25,184	3,590	6,321	969	1,394	36,101	59,753
Lebanon	2,039	2,712	2,061	3,255	7,533	11,464	9,188	14,735	15,171	19,544	4,053	6,478	1,311	2,095	41,959	60,750
Libya	3,029	1,415	770	70	5,528	9,008	8,877	9,569	36,709	34,537	5,020	6,528	250	231	61,057	62,538
Saudi Arabia	1,947	4,212	7,453	6,750	5,048	16,021	9,726	23,904	29,422	57,717	3,325	6,538	1,121	2,402	58,466	119,698
United Arab Emirates	1,485	3,335	2,204	3,258	3,272	7,489	8,062	19,707	26,239	51,834	4,400	7,123	782	2,137	49,424	98,911
Dubai and the Northern Emirates	926	1,977	1,628	2,406	2,111	4,563	5,398	10,948	10,716	27,586	1,758	3,992	469	1,359	24,710	58,285
Abu Dhabi	559	1,356	576	852	1,151	2,926	2,964	8,759	15,523	24,248	2,642	3,131	313	778	24,714	42,626

Source: *Overseas Trade Statistics*, December 1974

was a very much faster growth than that achieved by British exports to the rest of the world, which increased by 66 per cent between 1972 and 1974. Moreover, the improvement in 1974 was all the more encouraging because, to a large extent, it stemmed from orders placed before the quadrupling of oil prices. With regard to Britain's exports to individual countries, Mr Shore pointed out that in three markets, those of Saudi Arabia, Iraq, and Dubai and the northern Emirates (see table, p 101), they had more than doubled in value in 1974, while those to Egypt and Oman had increased by over 90 per cent. In a further six countries they had grown by more than half – by 80 per cent in Syria, 73 per cent in Morocco and Abu Dhabi, 66 per cent in Kuwait, 64 per cent in Iran (now Britain's largest customer in the region) and 54 per cent in Jordan. In all, the figures for 1974 provided a great deal of encouragement as well as signposts to a still more buoyant future.

Equal success, Mr Shore continued, had attended the operations of the Export Credits Guarantee Department (ECGD) which had insured more export business in the Middle East in the first nine months of 1974 than in the whole of the previous year. In particular, the ECGD had covered a great deal of business with Algeria, including a £32 million contract for a natural gas plant and a £17 million contract for consultancy services, the largest consultancy project the ECGD had ever insured, for an extension to El Hadjar steelworks. In all, the safeguards and potential Middle Eastern contracts for which the ECGD had been approached amounted to over £300 million. These covered the whole range of public works projects, equipment for the oil and petrochemical industries, agriculture and transport.

Future Prospects

The scale of the development plans of many Middle Eastern countries, Mr Shore said, were 'staggering', particularly those of Iran and Saudi Arabia. His department was currently monitoring progress on 50 major capital projects, about half of them in Iran and Saudi Arabia, which would shortly offer business worth several thousand millions of pounds. There were new plans for many more such projects and for others of a smaller size, all of which offered business potential. In addition, the social and economic changes which development would bring about would create a demand for training services and a range of expertise. He hoped, therefore, that British businessmen would increasingly inform themselves of the nature of the opportunities facing them, and respond to the markets with the speed and energy they demanded. The Government, he stated, together with the British Overseas Trade Board, would increase its support for them in such matters as market information, trade promotion and training facilities, and would back them up in competing for the supply of plant and materials. It was also looking carefully at the work of the Overseas Projects Group[1] with a view to reinforcing its operations.

[1] The Overseas Projects Group of the British Overseas Trade Board acts as a focal point to which British consultants, contractors, manufacturers and bankers can look for assistance, including co-ordination of official support, especially in cases which present novel or complex features. The group takes initiatives, where appropriate, to try to ensure that the participation of British industry in a particular project is optimised.

Finally, referring to his recent visit to Iran (see pp 58–9), Mr Shore stressed that Government-to-Government contacts were particularly important in developing trading, financial and industrial relations with Middle Eastern countries. He had, therefore, created a new policy division within the Department of Trade to deal specifically with trade arrangements with the Governments concerned and to probe the markets. In terms of his own efforts, he added, he regarded the Middle East as 'a priority area'.

Petroleum Revenue Tax

The Paymaster General, Mr Edmund Dell, announced in the House of Commons on 25 February (*Hansard*, cols 290-2) more details concerning petroleum revenue tax (PRT – see p 475, 1974); the rate of PRT would be 45 per cent and there would be taxation safeguards for marginal North Sea oil-fields.

Mr Dell said that, following consultations with the oil companies, the Government had decided that there would be two kinds of safeguard for marginal fields: a discretionary provision in the forthcoming Petroleum Bill to refund royalties in whole or in part; and a non-discretionary provision within the tax system. This latter provision would contain two elements: an increase in the 'uplift' on capital expenditure, that is, an increase from 50 per cent to 75 per cent in additional tax allowance (see p 475, 1974), all of which could be claimed in the first year of tax liability and would help companies to recover capital early in the operating life of a field; and an oil allowance per field of 1 million tons a year, which would be free of PRT, subject to a cumulative total of 10 million tons per field. Mr Dell explained that although these proposals would benefit all fields in exempting a substantial amount of revenue from PRT, as the tonnage allowance would be the same for all fields it would be of proportionately greater benefit to small marginal fields.

Representations had been made for some automatic protection against a fall in the price of oil and a consequent reduction in revenue. The Government therefore proposed a safeguard provision that to the extent that in any year the PRT charge reduced the return on a field before corporation tax to less than 30 per cent of capital expenditure measured on the basis of historic cost, that charge would be cancelled; there would be a tapering provision above 30 per cent. These non-discretionary provisions would be introduced at a later stage in the Oil Taxation Bill's passage through Parliament.

Mr Dell said that he proposed to incorporate the rate of PRT in the Oil Taxation Bill, instead of the spring Budget Finance Bill as envisaged originally. The Government had taken into account two objectives in setting a rate of 45 per cent: to ensure that the Government secured sufficient total oil revenue and benefit to Britain's balance of payments; and to ensure that the companies received an adequate return on capital and had incentives for further development and exploration to maintain the flow of oil. Mr Dell said later (*Hansard*, col 298) that the

proportion of the revenues which the Government would take (through PRT, corporation tax and royalties), would probably be about 70 per cent on average over the next ten years.

Development Land Tax

More details about the proposals for a new tax on development value realised from land (including buildings)[1] were given in a statement issued by the Inland Revenue on 4 February. The proposals are to be submitted to Parliament in a Bill late in 1975.

The development land tax (DLT) will apply in relation to interests in land in Britain. Realisations of development value from land will be chargeable to DLT whether or not the owner of the interest is resident in Britain. The development value realised will be computed separately for each disposal or development. There will be no general allowance for losses. The tax will come into operation from an appointed day, which will not be before the end of 1975, following the Royal Assent to the Bill. It will replace the arrangements for the taxation of development gains introduced in the Finance Act 1974 (see p 318, 1974) and now in force. The rate of DLT will initially be 80 per cent.

Liability

Liability to DLT will arise when, on or after the appointed day, material development of land is started or there is a disposal of an interest in land. The development gains tax will continue to apply to disposals before the appointed day but not to subsequent disposals unless material development started before the appointed day. A disposal or part disposal will be considered to have taken place when a capital sum is received in respect of land or when a lease is granted. There will be special rules to cover the situation where the terms of an existing lease are varied and where a lease is prematurely terminated. On material development DLT will be charged on everyone with an interest in the land who can significantly benefit from the development. Where DLT has been charged on the start of material development, no DLT will be charged on that development when it is subsequently disposed of, because the development will have become part of current use value; liability will, however, arise if further development value is realised on the disposal. Where the occasion of charge is the start of material development, or the consideration for a disposal takes the form of rent, there will be opportunity for spreading payment of the tax over a period of time (subject to an interest charge). Where an interest in land is disposed of, the date of disposal will be the date of the contract (or, if the contract is conditional, the date when the condition is satisfied). In cases where land is acquired under compulsory purchase powers the date of the disposal will be the date when the compensation is agreed or determined or, if earlier, the date when the acquiring authority entered the land.

DLT will not be charged on the occasion of the passing of land by an outright gift or on death. On a subsequent occasion the donee (that is the recipient of the gift) or beneficiary will be able to utilise a base derived from the base value (see below) which would have been available to the donor or the deceased person from whom he inherited it. Where there has not been an outright gift, but a transfer for a consideration below market value, the general rule will be that the donor will be treated as having disposed of the land, and the donee as having acquired it, for the actual consideration paid.

Basis of Charge

In general DLT will be chargeable on the difference between disposal proceeds (taken as market value with the permission to develop where material development is the occasion of charge) and a base value which will be whichever is the highest of:

a the cost of acquisition plus the cost of 'relevant improvements' (see below) plus any increase in current use value since the date of acquisition; or

b current use value at the date of disposal, plus 10 per cent, plus the cost of relevant improvements; or

c acquisition cost of the land, including all improvements, plus 10 per cent.

'Relevant improvements' are those which enhance the development value of the land but are not reflected in its current use value. Allowance will also be made for the incidental costs of making the sale.

Exemptions

There will be a basic exemption from DLT when disposals of land by an individual or company in any year have a total value of £5,000 or less. Moreover, irrespective of the amount of the total value of disposals or developments in the year, no DLT will be charged on the first £5,000 slice of development value realised in the year. A married couple living together will have a single exempt slice of £5,000 between them. There will be special provisions for partnerships.

Owner-occupiers

No DLT will be payable when development value is realised by an owner-occupier on the sale or development of his sole or main residence or of land up to one-tenth of a hectare occupied with his house as a garden or grounds. This exemption will also apply to trustees of a settlement in respect of a house which was the sole or main residence of a beneficiary allowed or entitled to occupy it under the terms of a settlement and to the personal representatives of an individual who had satisfied the exemption condition up to the time of his death.

Also exempted from DLT are the building of a house for owner-occupation on a single plot which was owned by the prospective owner-occupier on 12 September 1974 and the building, within the grounds of a dwelling occupied by the owner at that date, of a single house for occupation by the owner or a member of his family. These exemptions will apply irrespective of the size of the plot.

[1] Outlined in the White Paper *Land* (Cmnd 5730, HMSO, 18p, ISBN 0 10 157300 6).

Housing Associations

Approved co-operative housing associations and self-build societies will not be liable to DLT on the erection or disposal of dwellings. Nor will there be liability on the disposal of surplus land by them to a housing association registered with the Housing Corporation (see p 398, 1974), or to the Housing Corporation itself. These approved associations and societies will, however, be liable to DLT on disposing of surplus land to other purchasers. Other registered housing associations (including those which are registered as charities) will not be charged on the erection of dwellings, but if they dispose of land or buildings other than to another registered housing association or to the Housing Corporation, DLT will be chargeable on any development value realised. The Housing Corporation will be treated similarly.

Land Held as Stock-in-Trade

DLT will not be chargeable in respect of an interest in land which was held as stock-in-trade on 12 September 1974, if planning permission had been obtained for the land by that day. Land will be considered to be stock-in-trade if the proceeds from its sale would be included in the computation for tax purposes of the profits of the trade.

Industry and Agriculture

An industrialist will not be liable to DLT on material development of land owned by him if that development is for his own industrial use (including the provision of welfare facilities). There will, however, be liability to DLT when land so developed is disposed of (unless the disposal takes place within a group of companies) or ceases to be used by the industrialist for industrial purposes. Material development will exclude building and other operations for agricultural (including horticultural) purposes or forestry on land used for those purposes.

Minerals

Development consisting of the winning and working of minerals will not be an occasion of charge for DLT. However, disposals of land with planning permission to win and work minerals will be subject to a reduced charge.

Charities

A charity will not be liable to DLT on developing land for its own use. It will, however, be liable if it realises development value in other ways, such as on a sale of land.

Relationship with Other Taxes

Detailed rules dealing with cases where the same person becomes liable both to development land tax and to income tax, corporation tax or capital gains tax in respect of the same development value will be included in the legislation. The broad intention is that where there is liability both to DLT and to one of those other taxes the amount on which those other taxes are charged will exclude the amount on which DLT is charged.

Proposals for Industry

THE INDUSTRY BILL

The new Industry Bill was given a second reading in the House of Commons by a majority of 14 on 18 February after a two-day debate (*Hansard*, 17.2.75, cols 935-1071 and 18.2.75, cols 1125-1254). The Bill, which was published on 31 January[1] closely follows the White Paper on *The Regeneration of British Industry* (see p 386, 1974).

Opening the debate, the Secretary of State for Industry, Mr Anthony Wedgwood Benn, said that the Bill contained the Government's proposals for 'far-reaching democratic Socialist reforms affecting the relations between the community, management and workers' and was designed to deal with the problems of manufacturing industry. Its proposed reforms had three main objectives: to reverse the decline in British manufacturing industry by providing a new source of public investment; to inject both the national and the regional interest and the interests of working people into the strategic decisions made by major industrial firms; and to extend industrial democracy in those firms.

National Enterprise Board

The functions and powers of the National Enterprise Board, the statutory public corporation established by the Bill, are based on the White Paper proposals.

In broad terms the board's functions would be to establish new industrial enterprises or assist existing ones, promote reorganisation within industry, extend public ownership into profitable areas of manufacturing industry, promote industrial democracy in its subsidiaries and administer shareholdings and other property already in public ownership. It would also carry out the Minister's directions to give selective financial assistance under the Industry Act 1972. The new Bill would provide the board with an initial statutory sum of £700 million from all sources; the limit could be increased to £1,000 million with the consent of Parliament. This sum would be additional to the £550 million already provided under section 8 of the Industry Act 1972. The Secretary of State and the Treasury must satisfy themselves that the board's investments would be likely to result in an adequate return on the capital employed by the board. There would be restrictions on the board's powers to acquire share capital and the Secretary of State must give his consent if it acquired shares in a company which would give it control of 30 per cent or more of voting rights or if it were to invest more than £10 million in the shares of one company. The Secretary of State would be accountable to the House of Commons for the work of the board, since he would have power to give general or specific directions to the board; the board would also work under the general supervision of the Government.

The National Enterprise Board would have no powers of compulsory acquisition. The only provision in the Bill for compulsory acquisition is in the exceptional circumstances where an important manufacturing undertaking is threatened with transfer to unacceptable foreign control. This power

[1] House of Commons Paper 47/1. HMSO, 34p. ISBN 0 10 030735 3

would be used only when there were no other means of protecting the national interest and must have the approval of Parliament. The arrangements for compensation for the acquisition of capital and assets after such a vesting order are set out in the Bill.

Planning Agreements and Financial Assistance

The planning agreements, which could be entered into with any Minister of the Crown, are arrangements over corporate plans for future development in a specified period, where the Minister believes that such a planning agreement is likely to contribute to national objectives. The agreements would be entirely voluntary. In return for making a planning agreement, approved capital expenditure would be assisted by regional development grants at the rates prevailing when the agreement was made. There would be the prospect of further assistance under the Industry Act 1972.

In his introductory speech Mr Benn said that the Government believed that the planning agreements would allow more constructive dialogue between Government, management and workers in the firms concerned. Managements would also get the benefit of greater disclosure of Government forecasts to help them in their own planning and these forecasts would be more likely to be accurate because they would be based upon greater information from firms.

A number of amendments would be made in order to extend and strengthen the existing Industry Act. These include a provision to allow financial assistance to be given under sections 7 and 8 of the Act (see p 24) even where aid was available from other sources. The power to acquire up to 100 per cent of the shares of a company by agreement, which had been limited to assisted areas, would be extended to the country generally and the restrictions that made a public shareholding possible only as a last resort would be removed. The Secretary of State would no longer have to dispose of shares thus acquired as soon as possible, as was previously required. The limits on construction credits for ships and offshore installations provided under the Industry Act would be raised from £1,400 million to £1,800 million. In an amendment to the Development of Inventions Act 1967, the Bill would raise the limit above which the National Research Development Corporation needs to have ministerial approval for its projects from £1,000 to £20,000.

Disclosure of Information

Separate from the voluntary planning agreements is a proposed system for the disclosure of information by firms both to Government and to the relevant trade unions concerning the present and future developments of their manufacturing activities in Britain. The Bill describes the kind of information that might be required and the type of firm that might be designated to supply it. Topics on which information would be supplied include employment, capital expenditure, acquisition and disposal of fixed assets, output, sales, exports and productivity. Disclosure of information might be required by the Minister from manufacturing firms whose contribution to a particular sector of industry is important to the economy. The eligibility of the firms designated would have to be approved by Parliament. The Minister would also have the power to ask the firm concerned to give this information to a representative of each relevant trade union, unless it is considered that this would be contrary to national interest or in breach of a statute. The designated firm would have the right to apply to a special arbitration committee for release from the order to disclose information to the trade unions. A supplementary clause sets out the penalties for failure to disclose information when required to do so.

Opposition Views

The Opposition spokesman on industry, Mr Michael Heseltine, said that the Bill would repeal, without economic justification, the main safeguards of the 1972 Act which were designed to protect the private enterprise economy. The major fears of the Conservative Party in connection with the Bill were concerning the lack of accountability to Parliament of the Secretary of State for Industry and the National Enterprise Board and their powers to nationalise individual companies and to force planning agreements and the disclosure of information: 'the Bill has emerged with the maximum powers for the Secretary of State and the minimum of parliamentary scrutiny'. Mr Heseltine said that although the Secretary of State must consult the Treasury before fixing the financial objectives of the board, the terms of the objectives were totally vague. He said that it would be the task of the Opposition in Committee 'greatly to strengthen Parliament's opportunity to scrutinise the legislation'. For the Liberals, Mr Richard Wainwright said that the Bill was bad because of its infinitely flexible framework and its 'gross uncertainty'. The industries acquired by the National Enterprise Board would be vulnerable to political and social pressure. There was no proper apparatus for worker representation to which the disclosure of information could be made, nor was there adequate structure for parliamentary control by means of which the first symptoms of decline in an industry could be detected.

The Prime Minister's View

In his speech in Liverpool on 7 February (see p 100) the Prime Minister, Mr Harold Wilson, spoke of the Industry Bill and of the National Enterprise Board. He said that he believed that the board was 'the biggest leap forward in economic policy and thinking since the war, above all in the investment context' and added a new dimension to economic management. Where private investment was inadequate to ensure a high level of employment and modernisation, public investment was enlisted. This investment was specifically directed to produce the machinery, the plant, the research and development and the increased productivity required for the regeneration of British industry and the increased competitiveness Britain needed in the world market.

Speaking of the instances where the injection of nationally provided capital involved a corresponding share in the equity, Mr Wilson said that the intention was that all holdings, whether 100 per cent or in part, should be acquired by agreement. Issues in which the Minister had to use his powers to prevent transfer of control to unacceptable foreign interests would require parliamentary approval. Mr Wilson spoke of the fears that had been expressed that

unlimited powers of acquisition had been put in the hands of a single minister; he emphasised that this power could not be used for any significant acquisition except 'by a collective decision of one of the most powerful standing committees of the Cabinet', which included the Chancellor of the Exchequer, was chaired by the Prime Minister, who is also First Lord of the Treasury, and was ultimately under the control of the Cabinet itself. Similarly, other major activities of the board, including the establishment of new ventures either separately or jointly with industry, would be subject to arrangements which ensured the necessary degree of Government control.

In answer to a parliamentary question on 25 February (*Hansard*, cols 286-8), Mr Wilson stressed that the Bill, and its operation when it became an Act, would follow exactly the White Paper on *The Regeneration of British Industry*.

Leaders of the Confederation of British Industry (CBI) met Mr Wilson in order to discuss the new Industry Bill on 26 February. This followed an earlier meeting on 12 February in which a CBI delegation met the Prime Minister, the Chancellor of the Exchequer and the Secretary of State for Industry and expressed their views on the Bill and their fears over what they considered the wide powers for intervention in industry which the Bill provided for the Secretary of State for Industry and the National Enterprise Board. Leaders of the Trades Union Congress also discussed the Bill at a meeting on 4 March with the Prime Minister, the Secretary of State for Industry and the Secretary of State for Employment.

THE DEVELOPMENT AGENCIES

Although the development agencies for Scotland and Wales, described in the White Paper *The Regeneration of British Industry*, are not mentioned in the text of the Industry Bill, plans for their establishment have been set out in two consultative documents. In the debate in the House of Commons on 17 February Mr Benn said that the National Enterprise Board would operate throughout the United Kingdom and would to that extent be working in parallel with the two development agencies in Scotland and Wales when they were set up.

Scottish Development Agency

Plans for the establishment of the Scottish Development Agency, outlined by the consultative document,[1] were described by the Secretary of State for Scotland, Mr William Ross, on 31 January. The agency would have new powers and funds to promote the creation of jobs and the development of industry, and to create a favourable environment for economic development. Over five years it would be expected to spend about £200 million. The consultative document is being widely circulated and legislation is to be introduced as soon as possible after views and comments from relevant bodies and organisations have been received.

Functions

The agency would invest directly in industry and participate in commercial ventures with the object of creating employment and strengthening Scotland's industrial structure. It would operate independently of the National Enterprise Board, although where a firm was established on both sides of the border that divides Scotland from the rest of the United Kingdom the board would have powers to operate in Scotland, in consultation with the agency.

Responsibility for planning, developing and managing Government industrial estates in Scotland would be taken over from the Scottish Industrial Estates Corporation, whose resources would be incorporated within the structure of the agency, and the programme of Government factory building would be doubled.

The agency would also assume responsibility for, and expand, the programme of derelict land clearance in Scotland. Schemes would be planned and executed in close co-operation with local authorities, who would continue to exercise statutory planning functions.

Major schemes for redevelopment of the environment, such as the redevelopment in older industrial communities, would be undertaken and financed by the agency. In this role the agency would work closely with local authorities.

Constitution

The agency would be a statutory body responsible to the Secretary of State for Scotland, who would appoint its chairman and board. Although the agency's powers would enable it to bring its resources to bear on special development problems over the whole of Scotland, it was not intended that it should replace the Highlands and Islands Development Board, whose functions and responsibilities are similar. Arrangements would be made for close co-ordination between the two bodies.

Welsh Development Agency

The consultation paper[1] describes the role and operating arrangements of the proposed Welsh Development Agency. It would be a statutory body, responsible to the Secretary of State for Wales. The agency's main objective would be to accelerate the economic and industrial development of Wales and to improve the environment in a way consistent with that objective.

To back up the agency in its industrial support and development role the functions of regional selective assistance in Wales under the Industry Act 1972 would be transferred to the Secretary of State for Wales from 1 July 1975.

Functions

The agency would take over from the Welsh Industrial Estates Corporation the task of planning, developing and managing Government-owned industrial estates in Wales and of providing advance and purpose-built factories.

It is intended that the agency would have both an executive and a co-ordinating role in promoting Wales as a location for new industrial and commercial investment. The support which at present the Development Corporation for Wales receives from Exchequer sources would become the agency's responsibility.

[1] Available from the Scottish Office, St. Andrew's House, Edinburgh EH1 3DQ.

[1] Available from the Welsh Office, 42 Park Place, Cardiff CF1 3PY.

The agency would provide investment capital for Welsh industry, establish new and joint industrial ventures to create jobs in the interests of Welsh economic development; provide a managerial and financial advisory service to industry with a particular emphasis on small firms; and promote industrial growth and modernisation. The National Enterprise Board would consult the agency fully about its operations in or affecting Wales.

The agency would be able to intervene to meet infrastructure requirements related to exploration and exploitation of resources in the Celtic Sea. It would pay special regard to creating an acceptable industrial environment.

It is expected that the agency would make a contribution to the problems of industrial development in rural as well as urban areas and much of its operations would be in mid- and rural Wales.

Responsibility for derelict land clearance in Wales would lie with the agency and the existing responsibilities of the Derelict Land Unit of the Welsh Office would be transferred to it. Work on land clearance would be increased and the agency would meet the full cost of the schemes it undertook directly. It would also be enabled to finance and undertake major redevelopment schemes to enhance the environment, with special attention for areas involved in offshore oil development work.

The agency would have powers, including compulsory purchase powers, to acquire and hold land. It would aim to have a close relationship with the proposed Wales Land Authority Council.

PUBLIC OWNERSHIP PROPOSALS FOR AIRCRAFT INDUSTRY

On 15 January the Government issued a consultative paper on public ownership of the aircraft industry,[1] setting out its proposals on the policy for the aircraft industry which had been announced in the Queen's speech on 29 October 1974 (see p 412, 1974), and inviting comments from interested parties. Although this policy forms part of the Government's general industrial strategy as described in the White Paper *The Regeneration of British Industry*, the special circumstances of the aircraft industry require separate legislation and this paper describes in detail how the Government believes public ownership may be best effected. Mr Benn introduced the consultative paper in the House of Commons the day it was issued (*Hansard*, 15.1.75, cols 454-63); he said that he planned to complete consultations as soon as possible and to introduce a Bill in good time for passage in the present session of Parliament. Summarising the proposals, he said that the Government planned to vest in a new Aircraft Corporation the shares of certain companies which together accounted for about 80 per cent of employment and turnover in the airframe and guided weapons sector. The powers of the Secretary of State would be the minimum needed to secure Government influence over the main strategies of the corporation and to protect the public investment in it. The Government believed that these proposals would provide the basis for a successful and efficient aircraft industry and would command the support of those who worked in it.

The Minister of State for Industry, Lord Beswick, said in the House of Lords on 19 February (*Hansard*, HL, cols 330-69) that the consultative document had stimulated much valuable comment: he had a substantial file of comments from employer organisations and from some 25 employee organisations. In addition there had been over 30 different submissions from individuals, professional organisations and similar informed and authoritative bodies. He said that the employee organisations welcomed public ownership, the employer companies and associations deplored it and the companies immediately concerned with the transfer of ownership, while being quite firm in their opposition to the principle, at the same time offered constructive advice and posed pertinent questions.

The Consultative Document

The document first sets out what the Government considers is the need for public ownership. In its view, nationalisation is justified because of the large extent to which the industry is dependent on the Government for financial support in civil projects and military research and development and for purchases of military aircraft and guided weapons. It is also needed to bring about changes, particularly in the airframe and guided weapons sectors, so that the best use can be made of their resources. A series of attempts since 1965 (the year of the report of the Committee of Inquiry into the Aircraft Industry under the chairmanship of Lord Plowden, Cmnd 2853) to bring about this reorganisation had all been unsuccessful and it is the Government's view that only full public ownership can now secure the necessary changes with the speed which the interests of the industry and the nation require.

The companies to be nationalised would be the British Aircraft Corporation (BAC), Hawker Siddeley Aviation and Hawker Siddeley Dynamics. An Aircraft Corporation of Great Britain, consisting of a chairman and between 7 and 20 members appointed by the Secretary of State, would take over the shares of these companies. Fair compensation would be paid. The corporation would be able to acquire by agreement other companies in the airframe sector, the aircraft equipment industry or in other sectors as appropriate, should this seem advantageous to the parties concerned. All contracts entered into in the normal course of business would remain binding. One of the objectives of this nationalisation would be to bring about a unification of the main aircraft production units of the British Aircraft Corporation and Hawker Siddeley and also a unification of their guided weapons interests, as a means of securing the long-term viability of the industry and of allowing its resources to be directed and planned in the most efficient way.

The Government intends to organise the new nationalised aircraft industry as a public corporation. The Aircraft Corporation would be independent of the National Enterprise Board but would come within the scope of the planning agreement system (see p 105). Legislation would require the corporation to submit reports on the broad structure of its organisation after consultation with representatives of those working in the industry and these reports would be

[1] Available from the Department of Industry, Monsanto House, 10-18 Victoria Street, London SW1H 0NQ.

laid before Parliament. The corporation's main duties, apart from holding the assets vested in it, would be to develop, make and sell aircraft and guided weapons and to have regard to the requirements of national defence. It would be able to enter into collaborative partnerships of various kinds with aircraft undertakings in other countries. It is intended that the industry should be able to adapt its policies and organisation quickly in response to changing circumstances; with the Secretary of State's approval the corporation would be able to diversify into other activities which would advantageously use its skills and capacities.

The corporation would be left to plan and execute its policy within clear financial and policy guidelines, with the Secretary of State having the minimum powers needed to give him strategic control. An important new element of flexibility in the statutory arrangements would be a provision that the powers and duties of the corporation and the powers of the Secretary of State should be capable of amendment by statutory instrument subject to parliamentary approval.

The Government intends after the Bill has received its second reading to set up an organising committee which will be responsible for arranging the transfer of control and initially organising the nationalised industry.

Outside the proposals of the consultative document, the aero-engine manufacturers Rolls-Royce (1971) would be a separate publicly-owned company under the National Enterprise Board. The company Short Brothers and Harland, directly controlled by the Government for more than 30 years through a 69·5 per cent Government holding, would also be unaffected.

The Social Contract and the Social Wage

In an interview on Radio Leeds on 8 February the Chancellor of the Exchequer, Mr Denis Healey, said that while the great majority of people who had made wage settlements since the ending of compulsory wage policy (see p 320, 1974) had done so within the guidelines laid down by the Trades Union Congress (TUC) (see p 271, 1974), the minority who had not was still far too large to avoid the threat of increasing unemployment. He thought that people would find it easier to stick to the TUC guidelines if they realised how much their living standard had increased over the last 12 months as a result of the action the Government had taken in fulfilling its side of the social contract (see pp 271, 393, 430, 1974 and p 65). Expenditure on pensions, subsidies, education and health amounted in 1974-75 to about £15 a week for every member of the working population – or £19 a week if the building of new houses, schools and hospitals were included; this sort of public spending was often called the 'social wage' as it meant a direct improvement in the living standards of the British people and was as important to ordinary men and women – and their children – as the wages paid directly to them by their employers (see also pp 19-20, 1974). The social wage had increased in the current year by about 35 per cent compared with 1973-74, or between 10 and 12 per cent after allowing for the effect of price increases; it had therefore been increasing very much faster than wages and prices.

Agriculture

1975 ANNUAL REVIEW

In a statement in the House of Commons on 17 February (*Hansard*, cols 917-19) (see also p 95) the Minister of Agriculture, Fisheries and Food, Mr Peart, announced the Government's determinations of guaranteed prices for British agriculture following the Annual Review. He also circulated in the *Official Report* (*Hansard*, 17.2.75, cols 931-2) the main economic data arising from the review. Mr Peart said that he was confident 'the new beef regime, the increases in Community prices applying in this country (see p 95) and the increases in our own guaranteed prices, together represent a settlement that is good for our farmers and also takes due care of the interests of the British consumer'.

Review Determinations

The changes in guaranteed prices (over 1974 review prices) announced are as follow:

Wheat, up £12·18 to £51·80 per ton;

Barley, up £11·07 to £46·80 per ton;

Oats, up £10·40 to £44·60 per ton;

Potatoes, up £6 to £28 per ton;

Fat sheep, up 6p to 35·5p per lb;

Wool, up 5p to 31p per lb;

Milk, up 8·48p to 34·75p per gallon.

Guaranteed prices for wheat, barley and oats were raised in July 1974 in the light of increases in CAP prices the preceding March. They were further raised in the light of decisions of the Council of Ministers in September/October. The 1975 review prices for wheat, barley and oats represent increases of £8·83, £8·02 and £7·48 respectively over the revised 1974-75 determinations.

The guaranteed price for milk will be related to a standard quantity of 2,950 million gallons (compared with 2,900 million gallons in 1974-75). It is intended to assure an average price of 34p per gallon for production during the period 1 April to 15 September 1975 and 35·5p per gallon on the remainder of the standard quantity or on the residue of production, whichever is the less. The guaranteed price for milk was also revised during 1974 and the new price represents an increase of 5·01p per gallon over the revised 1974-75 determination. As a result of the increase the maximum retail price for milk is to be increased by 1p per pint from 2 March.

The hill sheep subsidy is to be raised by 60p per ewe over present levels. The estimated cost to the Exchequer of the increase in support of the sheep sector is £34 million, a figure which includes

Table 1

Agricultural Net Income, Net Product and Labour Productivity (all commercially significant holdings)

June–May years

Year	Net income at current prices £ million		Net product at constant prices Index		Labour productivity Index	
	Actual	3-year moving average	1964/65–1966/67=100	1968/69–1971/72=100	1964/65–1966/67=100	1968/69–1971/72=100
1970/71	610	618	111	102	137	104
1971/72	684	718		110		115
1972/73	861	943		111		117
1973/74	1,283 (1,194*)	1,092		117		126
1974/75 (forecast)	1,133 (1,159*)			117		131

*Adjusted to normal weather conditions.

Table 2

Gross capital formation

£ million

Year	In plant, machinery and vehicles	In buildings and works	Work-in-progress and stock valuation changes	Total
1970	133	117	116	366
1971	152	133	157	442
1972	192	159	202	553
1973	231	209	389	829
1974 (forecast)	309	266	430	1,005

£9 million for continuing increases in the hill sheep subsidy made last December.

Following the introduction of the new beef arrangements the Minister proposed to restore the calf subsidy to the level obtaining before the increase of March 1974 (i.e. £8·50 for male animals and £6·50 for heifers).

The guarantee for pigs will be terminated after 27 July in accordance with the Act of Accession. Till that date the guaranteed price will be £4·03 per score.

Production

The index of net product for 1973-74 is set at 117 (average of 1968-69 to 1971-72=100); the same figure is forecast for 1974-75 (see Table 1).

Investment

Gross capital formation in physical assets (see Table 2) is estimated at £1,005 million in 1974, an increase of 21 per cent over 1973. Investment in plant, machinery and vehicles increased by 34 per cent over 1973; in building and works by 27 per cent; and for work-in-progress and changes in stock valuation, 11 per cent.

Costs

Cost increases since the last review are provisionally estimated at £692·1 million for all products.

Public Expenditure

Public expenditure under the CAP and on national grants and subsidies in 1975-76 is estimated at £306 million. This figure, which is subject to parliamentary approval of the Estimates, does not take account of the review determinations.

Civil Aviation

AIR TRAVEL RESERVE FUND BILL

The Air Travel Reserve Fund Bill, which provides additional financial protection for people travelling overseas from Britain on 'package' holidays by air, received its second reading in the House of Commons on 20 February (*Hansard*, cols 1575-1698). The Secretary of State for Trade, Mr Peter Shore, describing the Bill as 'a modest but important measure', said that in the period from 1953 to 1973 the package tour industry had grown at an average annual rate of 37 per cent; in 1973 an estimated 3·25 million people had gone overseas from Britain on package tours by air and some 340 licensed tour operators had been in business. In 1974 there had been a marked reduction in the number of bookings for these holidays and three companies in the Court

Line Group (see p 349, 1974) and five air tour operators had been unable to meet their commitments to the travelling public and about 175,000 people had lost all or part of their holidays or had completed their holidays and had had to be flown back to Britain under special arrangements. Mr Shore said that these events had shown that additional safeguards were required under the system of licensing air travel organisers (see p 211, 1972). From May 1973, when licensing had been introduced, the licence holder had needed to obtain a bond to provide protection for passengers in the event of financial failure; bonds had been fixed at 5 per cent of turnover for members of the Association of British Travel Agents (ABTA) and 10 per cent for other firms – the differential had taken account of the assistance that the association could provide for its members if one of them was in financial difficulties. The Government had decided to build on the existing system and the first source of protection would continue to be the individual bond; following an initial increase in the level of bonds in October 1974, a further increase would take place in April 1975 when the bonds would be 10 per cent for ABTA members and 15 per cent for other firms.

The Bill provides for the establishment of an Air Travel Reserve Fund controlled by a new statutory body, the Air Travel Reserve Fund Agency. The fund would provide a 'second line of defence' to the system of bonds and would be used only when money in a bond was exhausted. The Bill would empower the Civil Aviation Authority (CAA) to collect contributions from air travel organisers and pay them to the Air Travel Reserve Fund Agency. The agency would be empowered to manage the fund and to make benefit payments in respect both of future losses and to those suffering from certain financial failures in 1974. The Bill would enable the Secretary of State for Trade to make regulations, after consultation with the CAA, to require as a fresh condition of obtaining a licence that an air travel organiser should pay a contribution to the fund. Contributions would normally be made twice a year, paid in advance and based on an estimate of the expected turnover. Mr Shore said that initial contributions were likely to be at the rate of 1 per cent and were expected to rise to 2 per cent in April 1976. As it would take time for the fund to be built up, the Government had decided to assist by making provision for interest-free loans to the agency, not exceeding a total of £15 million and not payable after 30 September 1977 when levy contributions should have increased the fund to an adequate amount. Repayment of Government loans would start in October 1976 and, until these were repaid, the agency would devote half its net income to repayment, the rest being retained in the fund.

LONDON-TO-GLASGOW SHUTTLE SERVICE

British Airways introduced Europe's first air 'shuttle' operation, between London (Heathrow) and Glasgow airports, on 12 January. The main features of the shuttle service are that there are no bookings, but instead passengers who arrive by the scheduled check-in time are guaranteed a seat on the flight; and additional aircraft are provided so that if one aircraft is filled a reserve aircraft will carry the remaining passengers. Aircraft leave ten minutes after check-in. Each weekday there are 13 hourly departures from London and 12 from Glasgow. During the first week of operation 195 flights were operated by *Trident* aircraft, many of which were full, and 45 back-up flights were provided. Over 11,700 passengers were carried, business on the route being slightly higher than in the corresponding period of 1974. British Airways is discussing with employees' representatives the introduction of fare collection on board the aircraft in flight.

SKYTRAIN

The Civil Aviation Authority has decided not to revoke the licence held by Laker Airways to operate a *Skytrain* service (a non-reservation walk-on service between London and New York), 'notwithstanding the weighty and well-argued case advanced for its revocation by British Airways' and has also granted Laker Airways' application for an increase in the proposed fare, from £52 to £59 for a one-way journey from London to New York. However, the CAA believes that the experimental service should be launched in more favourable circumstances when the operator and the public would have confidence in its success and diversion of passengers from other operators would be within tolerable limits. Accordingly it concludes that *Skytrain* should not be inaugurated until the civil aviation market 'has resumed a healthy rate of growth', and it expects that this will not occur for at least one year and perhaps even longer. The CAA still considers *Skytrain* to be a valuable experiment directed towards broadening the air transport market by generating additional traffic and improving consumer choice, catering for people whose needs are less suited by other types of service. The original licence was granted by the CAA in September 1972, and the authority notes that, but for the delay of the United States authorities in permitting the service to start, *Skytrain* would have been launched on an expanding market.

British Aid: Some Recent Developments

Some recent developments in Britain's policies and programmes for assisting developing countries improve their economic and social conditions are summarised below.

ASSISTANCE PROGRAMMING

Figures published in the Government's latest White Paper on public expenditure (see pp 66-9) show that gross expenditure on the British aid programme will increase in real terms by 14 per cent over the four years to 1978-79. In constant (1974 survey) prices this will give a gross expenditure of £384 million in 1978-79 compared with £335·7 million in 1974-75. This upward trend indicates the Government's intention to move towards the UN target of 0·7 per cent of gross national product for overseas development assistance, which it accepted in principle in 1974, as and when circumstances permit. In the

coming financial year, 1975-76, expenditure will amount to £341·2 million at 1974 prices, of which over half will be bilateral capital aid, about a quarter multilateral aid and about a fifth technical assistance. The remainder will mainly be spent through the Commonwealth Development Corporation.

Aid for the Least Developed Countries

Because recent oil and commodity price rises have hit the poorer developing countries particularly hard, it is intended that such countries should receive a large proportion of the additional resources which will be made available under the aid programme. The most recent British aid statistics (see pp 74-5) show that a substantial share of Britain's aid resources is already being channelled to these countries. In 1973, 10 per cent (£24 million) of British official flows was disbursed to the least developed countries (defined as those with an annual *per capita* income of $120 or less), while another 42 per cent (£99 million) went to other countries with a *per capita* income of less than $350.

Britain's efforts in this direction were praised recently by Mr Maurice Williams, the chairman of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). Speaking after the committee's meeting in November 1974 in Paris, which had reviewed the aid programmes of its members, Mr Williams stated that Britain placed commendable emphasis on need as the principal criterion for allocating development assistance and had been in the forefront of those who recognised the importance of allocating scarce official development assistance resources to the poorest countries, and within these countries to the poorest of their population. He thought a British proposal, discussed at the meeting, for establishing subsidiary targets to ensure that the bulk of aid went to the poorest and neediest recipients warranted serious consideration. Mr Williams also approved Britain's approach of increasing food production in developing countries within a framework of specially orientated rural development, and praised the technical assistance and the supporting research effort associated with this policy. With regard to the aid programme as a whole, he considered that it was 'planned and implemented with a high degree of competence'.

Concessional Aid

The financial terms of Britain's official development assistance in 1973 complied with the main objective of the DAC's revised Terms Recommendation which came into effect on 1 January 1973. On the basis of the grant element, which is the internationally recognised measure of concessionality in aid commitments, Britain attained an average grant element of 86 per cent (against the target of at least 84 per cent). Britain is also making every effort to attain the special target set in the DAC recommendation for aid to the least developed countries. This provides, *inter alia*, that the average grant element of all official development assistance commitments from a donor should be at least 86 per cent to each least developed country over a period of three years. In order to meet this target, British aid to these countries is provided as a mixture of interest-free loans and grants, and already in the first year of the three-year period, Britain has achieved a grant element of at least 86 per cent in all but three of the 21 least developed countries to which it committed aid in 1973.

SECTORAL DEVELOPMENTS

Agriculture

Assistance for agricultural development is accorded a high priority in Britain's aid programme, and, where possible, this is provided in the context of rural development schemes designed to raise the living standards of the rural poor. In recent months support has been extended to many new projects for improving the quantity and quality of both food and cash commodities: these have included, under technical assistance arrangements, finance for an investigation by a British consultancy firm into the potential development of the banana industry in Belize; the provision of a Cotton Research Corporation expert to update current data on cotton production and research in Bangladesh; the secondment for three years of an expert from the Tropical Products Institute to Paraguay to advise on the production methods of its essential oils industry; and the organisation of a conference on methods of improving beef production, which was attended by experts from 30 developing countries, at the Centre for Tropical Veterinary Medicine in Edinburgh. Improved livestock production, together with investigations into animal health programmes, is also the object of a current Reading University research programme in Nigeria for which the Ministry of Overseas Development (ODM) has provided a grant of some £51,000. A grant of similar magnitude has also been provided to help finance a forestry improvement research scheme in East Africa. Recent financial aid has included a loan of £51,500 to Tonga for a coconut replanting and extension scheme, bringing total British aid to this project to £323,000. The coconut provides Tonga with its main exports (copra, dessicated coconut and whole nut), and the scheme is of great long-term significance in helping a predominantly rural economy, such as Tonga's, to increase its productive capacity.

As the British representative emphasised at the World Food Conference in November 1974 (see pp 21-3), Britain attaches particular importance to assisting developing countries secure their own sources of fertilisers, and this was further evidenced in early 1975 when Britain agreed in principle to contribute £8 million (35 per cent grant and 65 per cent loan) towards the cost of an internationally financed fertiliser plant in Bangladesh designed both to meet the country's need for nitrogen fertiliser and to effect a considerable saving in foreign exchange. This follows similar assistance to India, comprising £25 million in loans since 1972 for the construction of three fertiliser plants, and a loan of £6·7 million for the development of another plant in Turkey. In addition, Jordan has received some £2 million in loans for a phosphate mining project, phosphate being a raw material for fertiliser production.

Another important component of Britain's aid effort for agricultural development is the work of the Centre for Overseas Pest Research (COPR), an ODM scientific unit which was established in 1971 (see p 280, 1971) and whose annual report for 1973

was published in January 1975.[1] Its responsibilities include conducting and fostering research and its application, for purposes of control, into various insects and certain animal pests affecting overseas agriculture and public health. In 1973 COPR was involved in pest control work in 22 countries, including locust and grasshopper control projects in Argentina, Nigeria, Thailand and Saudi Arabia, investigations into bird pests (the *Quelea* bird) in Nigeria and East Africa, disease control programmes in Ethiopia (bilharziasis), Botswana (sleeping sickness), and West Africa (river blindness), termite research in Nigeria, cotton spraying in Malawi, and pesticide application research in Thailand. In addition, COPR co-operated with all the major United Nations agencies operating in the field to assist them introduce safe and rational methods of pest control.

Communications

Recent British aid in this sector has been directed mainly towards port and shipping development. For instance, a £3·4 million loan has been committed to Pakistan to assist in the construction of Port Qasim, a new port required to relieve severe congestion at Karachi. In El Salvador, a British consultancy firm engaged by the ODM is examining the engineering and economic feasibility of increasing the berthing and handling capacity of Acajutla, the main port. Technical assistance support for this project, which will also involve experiments with a model of the port by the Hydraulic Research Station, will be about £250,000. Assistance for shipping development has included the provision of a team of experts to the Philippines to provide advice and undertake training in connection with the building and modernisation of fishing vessels, and finance for a consultancy firm and the British Ship Research Association to advise on the establishment of a research and development programme for South Korea's shipbuilding industry. In addition, a loan of £5·8 million has been provided to India for the construction of two bulk carriers, one of which was launched in November 1974. When in service, these vessels will increase India's carrying capacity and enable it to earn additional foreign exchange.

A major British-supported road development is the Blue Nile-White Nile road link in the Sudan. Over £8 million has been committed to this scheme in capital aid, while under technical assistance arrangements two British engineers have recently been engaged to investigate the technical and geological requirements for the road's construction. Britain has also committed £2·8 million to Botswana for the improvement of the country's main north-south highway which will be carried out under the supervision of a British firm of consulting engineers. Another firm of consulting engineers has been commissioned to undertake a study of existing road and rail systems in Jordan in relation to the transport requirements of planned industrial development, including the exploitation of the country's phosphate resources which Britain is also aiding.

Power and Water Supplies

Britain's support for rural development can be seen in recent loan commitments to Brazil and Egypt, worth £3·7 million and over £1 million respectively, for rural electrification projects. The Egyptian scheme forms part of an overall programme designed to bring power to some 20 million people in about 4,000 villages, while that in Brazil, which will serve about 100,000 people living in five towns and nine villages, has the long-term aim of improving living standards by attracting industry, particularly meat processing, into a very poor region. Some £640,000 has also been committed towards the development of the electricity supply system in Juba, the regional capital and commercial centre of the southern Sudan.

Britain is a major contributor to the Indus Basin project, an international co-operative venture designed to tap the headwaters of the Indus river and its tributaries to provide irrigation and power supplies for the benefit of both Pakistan and India. With the payment of £1·1 million to the Indus Basin Development Fund, the body responsible for financing the project, in late 1974, Britain brought its total assistance for the project to some £34 million. In addition, Britain has provided £10 million in loan finance, the last portion of which was disbursed in 1974, for the closely associated Tarbela Dam project, also on the Indus, in Pakistan.

Another recent loan commitment was for £1·4 million towards the cost of improving the water supply for San José, the capital of Costa Rica, this supplementing a previous loan for the project of £2·2 million in 1973. Work on this scheme began in late 1973 following a feasibility study of San José's water resources financed from technical assistance funds. More recently, technical assistance has been provided for a consultancy investigation into the future water supply requirements of the Cayman Islands and for a development study of the Krian Irrigation project in Malaysia.

Population Projects

The importance which Britain attaches to its population aid policy was emphasised at the World Population Conference in August 1974 (see pp 399-401, 1974). Since then, the most significant development in this sector has been Britain's agreement, in March 1975, to contribute £1·4 million (approximately a third in grant and two-thirds in loan form) towards a $45·7 million internationally supported population project in Bangladesh, the population of which, at present some 71·4 million, is expected to double by the end of the century. The project, which has been designed by the World Bank in consultation with the Bangladesh Government, is intended to lay the foundations for an effective family planning health service, mainly through creating training facilities and rural health centres. The British contribution is to be used to finance the provision of a female welfare visitors' training school and a rural health complex.

Other recent aid commitments have been for population study projects. For instance, the Overseas Development Institute of Sussex University has been given £24,000 towards the cost of a comparative study of population growth and rural poverty in selected villages in India, Sri Lanka, Kenya and Nigeria. In particular, this will examine the reasons why parents in different rural areas have large families, the effects of population growth on income distribution and the rural labour supply, and the

[1] *Centre for Overseas Pest Research, Report January-December 1973*, HMSO, £1·30. ISBN 0 85135 069 0.

competence of social institutions to adapt to changing community needs. The ODM has also committed some £180,000 over three years to establish a Centre for Overseas Population Studies at the London School of Hygiene and Tropical Medicine. The centre will provide a focal point for training and broadly based research into the vital statistics of population groups, prepare sociological and economic analyses of the populations of developing countries to assist with medium- and long-term planning, and, it is hoped, provide consultants in demography to overseas governments and other bodies.

Technical and Related Education

Within Britain's technical assistance programme, particular emphasis is placed on aid for technical education, industrial training and management development. The main source of advice to the ODM on such assistance is the Council for Technical Education and Training for Overseas Countries (TETOC) whose responsibilities also include identifying overseas needs and the means by which Britain can meet them, matching the two and monitoring the result. Since 1972, when it was strengthened and incorporated as a company, TETOC has built up an 'interlocking' team of specialists, recruited from commerce, industry, the polytechnics and the Civil Service, with a wide range of engineering, marketing and personnel skills.

In its annual report for 1973-74,[1] published in October 1974, the council recorded a considerable increase in the support it received from industrial, educational and professional bodies in Britain, over 540 of these institutions ('resource centres') having been directly involved with TETOC's assistance operations. In Britain these consisted of arranging over 1,000 attachments within British industry for senior overseas trainees, handling 270 applications for management development training, and organising technical teacher training for over 100 students. Overseas, TETOC staff carried out industrial training, management development and technical education assignments in 10, 7, and 15 countries respectively, while the technical teacher training group undertook staff development programmes in India, Ghana, Botswana, Swaziland and five other countries. In addition, TETOC engaged other British specialists to discharge nearly 90 assignments which either derived from or were associated with work undertaken by its own staff. These included, for example, the provision of advice on the planning of the proposed Colombo Plan Staff College for Technician Education to be established in Singapore; assistance in formulating a national industrial training programme in the Sudan; advice on equipment requirements at agricultural training schools in Indonesia; a textile industry education and training survey in Bolivia; and a technical education survey in Mexico. During the year, TETOC also recruited 111 specialists for a wide variety of technical teaching posts in Hong Kong (36), Kenya (22), Fiji (12), Antigua (7), Nigeria (6), Bahrain (5) and 11 other countries.

[1] *Council for Technical Education and Training for Overseas Countries. Annual Report, 1973-4.* TETOC, 35-37 Grosvenor Gardens, London SW1W 0BS.

The Training Programme

Each year Britain arranges courses in a wide variety of administrative and technical subjects in response to requests from the Governments of developing countries. Recent examples include courses on urban studies for town planners at the Institute of Development Studies, Sussex University, and at the Institute of Local Government Studies at the University of Birmingham; on international studies for foreign diplomats at Oxford University; on development administration at Manchester University's Department of Overseas Administrative Studies; and on modern management techniques at the Royal Institute of Public Administration. In general, such courses are designed to provide the type of training likely to contribute to the economic and social development of the countries concerned within a reasonable time, and, in particular, include courses planned to qualify the recipients for positions of greater responsibility, to increase their efficiency or to enable them to train others. Wherever appropriate, therefore, they are concentrated at postgraduate level.

Research and Development

Research and development work constitutes an important element in Britain's aid to developing countries. In addition to financing research projects concerned with problems facing individual countries, which are aided under regional technical assistance programmes, a small sum is set aside each year, £3·4 million in 1973-74 and over £4 million in 1974-75, to finance research of significance to the developing world in general. Work aided in this way was the subject of a report published by the ODM in November 1974.[1]

Assistance under the research aid programme is provided through research teams of British specialists working in overseas institutions on specific problems; by the work of specialised research bodies maintained by the ODM in Britain, some forming part of the ODM and others being part of universities or other bodies; and by finance for British universities to undertake research into problems of concern to the developing world. Whether the work is carried out in Britain or overseas, the object is not simply research, but technological aid. To a large extent, therefore, the projects supported involve not fundamental research but the adaptation of existing technologies to the circumstances of countries which are tropical and under-developed. Generally speaking, to qualify for assistance, projects have to satisfy three criteria: they must be directed towards gathering new knowledge or developing new techniques directly related to the needs of developing countries; the knowledge or techniques concerned should be capable of practical application within a reasonably limited period; and the problem in question should be of global or regional significance.

The research projects supported under the programme in 1973-74 covered a number of fields, including agriculture, medicine and health, forestry, fisheries, natural resource industries, economic and social studies, population and transport. Support for agricultural research included £165,000 in budgetary aid for work by overseas institutions, such as the

[1] *Report on Research and Development 1974.* HMSO, 36p. ISBN 0 11 580162 6.

Regional Research Centre based on the School of Agriculture of the University of the West Indies, and some £500,000 for 36 overseas research projects, mainly in Africa and the Caribbean: for example, investigations into coffee berry disease in Kenya, dry land farming in Botswana and water catchment in East Africa. Another £252,000 was provided for veterinary studies, including support to the UN Development Programme project on immunological research on tick-borne disease in East Africa, and for the overseas epidemiological studies of the World Reference Laboratory for Foot and Mouth Disease. In the fields of forestry and fisheries, for which £86,000 and £247,000 was provided respectively, work aided included investigations into the commercial properties of conifers in Central America and East Africa and hardwoods in West Africa, and projects on prawn cultivation in Mexico and Bahrain.

Medical research projects supported in 1973-74 numbered 58 at a cost of £665,000. They were mainly concerned with infectious diseases such as malaria, schistosomiasis and onchocerciasis (river blindness), but work was also undertaken on bacterial diseases such as tuberculosis and leprosy, and into malnutrition, anaemia and many other conditions. In addition, the ODM contributed £175,000 to onchocerciasis research by the World Health Organisation, and is contributing £275,000 in 1974-75.

Some £243,000 was provided for studies on economic and social problems, about 66 in all, which were carried out mainly by British universities and institutions, with overseas fieldwork. For instance, support was extended for joint research between Reading University and the Overseas Development Institute on the economic, institutional and social implications of agricultural development. Other studies included such topics as farm mechanisation in a high unemployment area in Pakistan, urban growth in Bombay and Lusaka, and intermediate technology studies related to sugar refining and shoe manufacture in Ethiopia and Ghana.

EMERGENCY AID

Britain has been actively involved in disaster relief for many years, and it was to ensure that its response to disaster and famine crises, which arise so frequently and tragically in developing countries, would be both immediate and flexible that it established a special Disaster Unit within the ODM in August 1974 (see p 314, 1974). In order to equip itself for this task, the unit has since identified the sources of equipment, supplies, transport and certain specialist personnel in Britain which it may have to call upon in the event of a disaster, and has arranged for a reserve of vehicles to be held in readiness. It has also begun monitoring reports from all sources about potential disaster situations and established close links with voluntary organisations and international agencies operating in the field.

In recent months Britain has provided relief aid to a number of countries, and the Disaster Unit has been responsible for co-ordinating such assistance. This has included the provision of food supplies and equipment costing £62,500 to combat drought conditions in Somalia; medical supplies and tents costing £61,000, together with £10,000 in cash, following an earthquake in Pakistan in January 1975; medical supplies, naval assistance and a grant of £10,000 to Mauritius which was struck by a hurricane in February; and food and medical supplies, costing some £23,000, army rescue, medical and engineering units, and help with rehabilitation and reconstruction for Honduras following a hurricane in September 1974. Britain's relief aid to Cyprus, which followed the crisis of August 1974 (see pp 305-9, 1974), has included £750,000 as a contribution to an appeal by the UN High Commission for Refugees, and £50,000 and £10,000 respectively in support of the operations of the International Committee of the Red Cross and British voluntary societies. All this was in addition to the shelter provided for many thousands of people who took refuge in Britain's sovereign bases on the island. The Disaster Unit has also been involved in planning the 1975 relief programme for the drought stricken countries of the Sahel region in Africa. British emergency aid for these countries in 1974 totalled some £5·3 million, while assistance to Ethiopia to combat drought and famine amounted to £350,000 (see also p 155, 1974).

Other countries which have received British relief aid during the past year include Bangladesh, the Philippines, Burma, the Sudan and Mozambique, and in each case the aid was required for relief measures following severe flooding. Particularly disastrous were the floods in Bangladesh in August 1974 which coincided with a foreign payments crisis. In responding to this situation, Britain increased its 1974-75 food (wheat) aid programme to Bangladesh by 8,000 tons to total 30,000 tons, the estimated cost of which is £2·5 million, and its commodity aid for the purchase of British goods and services by £4 million to £9 million. In addition, a relief grant of £33,500 was provided to meet the cost of providing and transporting medical supplies to Bangladesh.

In October 1974 the ODM made a grant of £18,900 to a new Disaster Research Unit at the University of Bradford. The unit, which is part of the university's project planning centre for developing countries, undertakes studies of the occurrence and risk of disasters, their economic effects and the scope for precautionary planning. The ODM grant will finance, *inter alia*, investigations into the relationship between disasters, relief measures and economic development.

SOCIAL AND CULTURAL AFFAIRS

Census of Population

The reasons for a full census in Great Britain in 1976 (see p 33) and details about it are given in a White Paper, *1976 Census of Population* (Cmnd 5906, HMSO 18p, ISBN 0 10 159060 1), published in February. The paper states that subject to parliamentary approval the date of the census is 16 May 1976.

Need for Census Information in 1976

The Census Act 1920 requires that there must be at least five years between censuses. In practice censuses have been taken every ten years between 1801 and 1971, apart from the war year of 1941. In 1966 the first mid-decade census was taken, covering a 10 per cent sample of the population. The White Paper says that a sample cannot be used this time because the reorganised local authorities need accurate and comprehensive statistics about local areas and about groups in the population with special needs or characteristics. The census to be taken in 1976 will therefore cover the whole population though certain questions will be asked on a sample basis.

The paper states that census statistics are needed by Government departments and local authorities for planning and developing their policies and for monitoring the effects of those policies. The information from the census is used to guide the activities of central and local government to those areas, services or sections of the population where they are most needed, and to share out fairly the central Government's contribution to local rates.

Populations in local areas can alter rapidly in size, composition and needs, and the pace of change has accelerated. The paper points out that 1971 census information will be out of date by the end of the decade. Without a mid-term census in 1976, decisions by Government and by local authorities as far ahead as 1982-83 (when the main results of the 1981 census can be expected) would have to be based on information collected in 1971.

Topics Covered by the Census

The Government intends that the next census form will be the shortest that can collect the essential national and local information. It has therefore reduced the total number of questions compared with 1971, and has decided that no householder will be asked all the questions on the form. In England and Wales there will be ten different types of form, each type to be completed by a different 10 per cent of the population. Each form will contain a common core of basic questions on demography, housing, migration, employment, education and transport, together with a selection of additional questions. In Scotland because of the small size of the population in many areas and their varying circumstances, there will be no sampling. Instead, a single form will be used containing the questions that are most important in Scottish circumstances.

Some census questions will be asked in only one or two countries while in England and Wales some will be asked of only a sample of the population. In England no census form will contain more than 19 of the subjects in the census, in Wales none will contain more than 20, and the Scottish form will contain 22, some of them shortened.

General Questions

The first job of the census, says the White Paper, is to count the population. Accurate figures of the numbers of people, age, sex, marital status and residence are needed for many reasons. For example, the fair distribution of the Rate Support Grant to local authorities (some £3,500 million in 1974-75) requires up-to-date figures of local populations as does the allocation of funds to health authorities.

Housing

The census finds out about the stock of housing and its quality all over the country and about the areas where over-crowding or poor quality housing persist. The census figures on housing are used, with projections of future populations and households, in deciding the programmes for house building and the new towns.

Migration

The census provides statistics on the numbers of people who have moved from one area to another and the characteristics of those who have moved. This information is important for making the population projections that are needed for regional and local planning.

Country of Birth

The answers to questions about country of birth will be used to estimate the number of people of overseas origin and to show how they are distributed regionally and locally. In conjunction with answers to other questions on, for example, housing and jobs, they will show how the standards of the

immigrant communities compare with the standards of the indigenous population. This information will also give the numbers of people who have moved between the different countries within the United Kingdom, for example, people born in Scotland who have moved to England.

Employment

Information collected on employment is needed for regional and local policies, for example, in deciding to create new jobs in a particular place, or to provide training facilities to enable people to move to new jobs or in identifying areas where there is a shortage of jobs that calls for special Government assistance.

Educational Qualifications

Information about educational qualifications is used for devising policies on education and retraining and on industrial recruitment and redeployment. It is also used in advising young people on education and careers.

Transport

Figures on transport are analysed for small areas, as well as for districts and towns, and are used in planning public transport and roads.

Welsh Language in Wales and Gaelic Language in Scotland

In Wales a question will be asked of everyone aged three years or over on ability to speak, read and write Welsh while in Scotland there will be a question on ability to speak Gaelic.

Surveys Linked to the 1976 Census

There will be two kinds of sample survey linked to the census. Participation in both of them will be voluntary. The first will investigate the quality of the information produced by the census. Census questions, says the paper, may be misunderstood by the people who answer them or may not apply to their particular circumstances. The extent to which this happens will be measured by interviewing a sample of 6,000 or 7,000 people who have completed census forms.

The second kind of survey linked to the census will be addressed to a sample of names drawn from the census lists but will ask questions which go beyond what was asked on the census form itself. The paper states that this is an effective way of asking not only questions that are inappropriate to a compulsory census but also questions that apply to only a minority of the population; this is because the survey can be confined to people concerned with its subject, and questions which have already been answered in the census need not be repeated. Four such surveys have been proposed, two of which would be carried out in Scotland only. These will concern family formation, which will help to show how changing patterns of marriage and family size may be related to economic and social factors and to family planning practices; migration within Great Britain; and qualified teachers and nurses in Scotland where two separate surveys are envisaged to find out more about the current situation of such staff who were not employed in their professions at the time of the census and about the circumstances in which they might return to work. The results will help in planning the future staffing of the services.

Confidentiality of the Information Provided

As in previous censuses, all staff employed in the census offices will be bound by the Official Secrets Acts and will sign a declaration acknowledging this. Field staff will sign an undertaking under the Census Act 1920 not to divulge or make use of any information obtained in the course of their duties, and this obligation will continue after the end of their employment.

The confidentiality of the information collected will be safeguarded both by the physical security of the premises where it is kept and processed and by the design of the computer system.

As in previous censuses, the names and addresses shown on the individual census form will not enter the computer. All the information released by the census offices from the census will be in a statistical form and it will be arranged so as to avoid disclosing information about identifiable individuals.

The Parliamentary Process

A draft Order in Council is being laid before Parliament for approval. At a later stage the Ministers responsible for the census (the Secretary of State for Social Services and the Secretary of State for Scotland) will make census regulations and lay them before Parliament.

Immigration

INCREASE IN SPECIAL VOUCHERS

An increase from 3,500 to 5,000 in the number of special vouchers[1] allocated to United Kingdom passport holders subject to immigration control who wished to enter Britain for settlement was announced by the Home Secretary, Mr Roy Jenkins, in the House of Commons on 6 February (*Hansard*, col 1541). Mr Jenkins said that he had reviewed the arrangements for their admission in the light of the Government's special obligation to them and the hardship that some of them were at present suffering in Africa because of employment and other restrictions. He said that it was likely that admissions for settlement from the Commonwealth in 1974 would be the lowest for a decade. In these circumstances it was sensible to make a small contribution to dealing as expeditiously as possible with the problem of United Kingdom passport holders so that the Government was not confronted with a similar situation to that of the sudden Ugandan exodus (see p 374, 1972). There were some dependants involved, perhaps about three per person. Mr Jenkins said that the Government's policy was to maintain strict control over immigration but also to recognise that Britain had certain obligations to United Kingdom

[1] When the Immigration Act 1971 came into force in January 1973 people subject to immigration control were, with certain exceptions, required to hold work permits if they wished to enter Britain for employment (see p 134, 1973). The system of an allocation of special vouchers introduced under the Commonwealth Immigration Act 1968 continued to apply to United Kingdom passport holders subject to immigration control (mainly East African Asians).

passport holders and the dependants of those already in Britain and not to increase by any significant extent the number who had a right to come to Britain.

REVIEW OF WORK PERMIT SCHEME

Changes in the maximum number of work permits issued to people subject to immigration control wishing to enter Britain for employment and, in some cases, changes in the criteria to qualify for them, were announced by the Secretary of State for Employment, Mr Michael Foot, in the House of Commons on 10 February (*Hansard*, written answers, col 26). The changes result from a review of the scheme – which was introduced in January 1973 (see p 134, 1973) – undertaken by the Department of Employment.

Hotels and Catering

At present all male hotel and catering workers are subject to an annual quota of 5,000 permits unless they are exceptionally highly skilled. The definition of skill will be widened so that employers can recruit outside the quota staff who have successfully completed courses at recognised hotel and catering training schools in other countries. At the same time, the quota will be extended to cover all other overseas workers in the industry, both men and women. It will be set at an annual figure of 8,500, representing the present quota of 5,000 men together with an addition of 3,500 to cover the number of women recruited annually in recent years. As the industry's recruitment of overseas workers has been well below the new quota over the last two years, it is not proposed to operate any formal system of allocation between establishments unless circumstances change so as to make this necessary.

Domestic and Hospital Workers

A quota will be introduced for resident domestic workers. In the case of hospitals this will include all unskilled workers plus nursing auxiliaries. The quota will be set at an annual figure of 8,000 representing the average effective demand for such workers over the last few years. In addition, the following new safeguards will cover the employment of overseas domestic workers in private households: the lower age limit will be raised from 18 to 20; workers will be required to provide evidence of at least one year's similar employment abroad; and married men and women seeking work as domestics will be restricted to joint posts, in order to ensure that the work permit scheme does not operate so as to keep families apart. These safeguards will make it possible to lift the temporary ban on the issue of work permits for unskilled workers from the Philippines which was imposed in 1973.

Special Commonwealth Quotas

Workers from Malta and the dependent territories who qualify under the general occupational criteria will be eligible for work permits outside their special quotas. The special quotas will be retained to cover the admission of other workers, provided that the basic conditions of the scheme are satisfied, and the annual quota for the dependent territories will be raised from 300 to 500. Within these figures, there will continue to be an annual limit of 200 permits for any one territory.

United Kingdom Passport Holders

An annual quota of 500 permits will be introduced for United Kingdom passport holders who are subject to immigration control under the Immigration Act 1971 and who are not eligible for work permits under the general criteria. Workers in this category will be eligible for permits on the same terms as workers from Malta and the dependent territories.

Date of Changes

These changes, which otherwise leave the work permit scheme in its present form, were introduced on 14 February 1975 and the various quotas operate from 1 January 1975.

Reading and the Use of English

The report of the Bullock committee on reading and the use of English was published on 18 February (*A Language for Life*, HMSO, £5, ISBN 0 11 270326 7). This committee under the chairmanship of Sir Alan Bullock was appointed in June 1972 by the then Secretary of State for Education and Science (Mrs Margaret Thatcher) to consider in relation to schools all aspects of teaching the use of English and to suggest improvements in present practice and in arrangements for monitoring the general level of attainment.

In reaching its conclusions the committee considered evidence from several hundred individuals and organisations, and visited 100 schools and 21 colleges of education. It also carried out a survey of the organisation and practice of English teaching in all its aspects in 1,415 primary schools and 393 secondary schools, the first time a survey of English on this scale has been attempted in this country.

The committee took note of the complaints about declining standards in reading and spoken and written expression. After studying all the information submitted the committee concluded that there was no firm evidence upon which to base comparison of standards today with those of before the second world war. It did, however, conclude that present standards could and should be improved.

The committee produced a total of 333 conclusions and recommendations, which are presented in such a way as to constitute a summary of the report. From these have been selected 17 principal recommendations, reproduced below, but the committee is anxious that these should not be regarded as distilling what the report has to say. It believes that the improvement of reading and the use of English does not lie in a few neat administrative strokes, nor in the adoption of one set of teaching methods to the exclusion of another. Improvement, the report says, will come about only from a thorough understanding of the many complexities and from action on a broad front; and for a proper appreciation of the conclusions and recommendations the report should be read as a whole. If there is one general summarising conclusion the committee has to offer it is that there

is nothing to equal in importance the quality and achievement of the individual teacher, to whom most of the suggestions are addressed and whom all the recommendations are designed to support. The committee emphasises its awareness that the report is published at a time of financial difficulty and in a period of serious inflation, for which reason there has been no attempt to cost the proposals.

In the House of Commons on 18 February (*Hansard*, written answers, col 356), the Secretary of State for Education and Science, Mr Reg Prentice, thanked the committee for its report which, he said, would be of value for many years to come as a basis for further discussion and development. He pointed out that, though for the time being action on recommendations involving additional resources must be postponed, many recommendations were addressed to schools and teachers and could be put in hand within current estimates of educational expenditure.

The Main Recommendations

The 17 principal recommendations, which are not in order of priority, are as follows:

1 A system of monitoring should be introduced which will employ new instruments to assess a wider range of attainments than has been attempted in the past and allow new criteria to be established for the definition of literacy.

2 There should be positive steps to develop the language ability of children in the pre-school and nursery and infant years. These should include arrangements for the involvement of parents, the improvement of staffing ratios in infant schools, and the employment of teachers' aides whose training has included a language element.

3 Every school should devise a systematic policy for the development of reading competence in pupils of all ages and ability levels.

4 Each school should have an organised policy for language across the curriculum, establishing every teacher's involvement in language and reading development thoughout the years of schooling.

5 Every school should have a suitably qualified teacher with responsibility for advising and supporting his colleagues in language and the teaching of reading.

6 There should be close consultation between schools, and the transmission of effective records, to ensure continuity in the teaching of reading and in the language development of every pupil.

7 English in the secondary school should have improved resources in terms of staffing, accommodation, and ancillary help.

8 Every local education authority (LEA) should appoint a specialist English adviser and should establish an advisory team with the specific responsibility of supporting schools in all aspects of language in education.

9 LEAs and schools should introduce early screening procedures to prevent cumulative language and reading failure and to guarantee individual diagnosis and treatment.

10 Additional assistance should be given to children retarded in reading, and where it is the school's policy to withdraw pupils from their classes for special help they should continue to receive support at the appropriate level on their return.

11 There should be a reading clinic or remedial centre in every LEA, giving access to a comprehensive diagnostic service and expert medical, psychological, and teaching help. In addition to its provision for children with severe reading difficulties the centre should offer an advisory service to schools in association with the LEA's specialist adviser.

12 Provision for the tuition of adult illiterates and semi-literates should be greatly increased, and there should be a national reference point for the co-ordination of information and support.

13 Children of families of overseas origin should have more substantial and sustained tuition in English. Advisers and specialist teachers are required in greater strength in areas of need.

14 A standing working party should be formed, made up of representatives of the Department of Education and Science and LEAs, to consider capitation allowances and the resources of schools, and a satisfactory level of book provision should be its first subject of inquiry.

15 A substantial course on language in education (including reading) should be part of every primary and secondary school teacher's initial training, whatever the teacher's subject or the age of the children with whom he or she will be working.

16 There should be an expansion in in-service education opportunities in reading and the various other aspects of the teaching of English, and these should include courses at diploma and higher degree level. Teachers in every LEA should have access to a language/reading centre.

17 There should be a national centre for language in education, concerned with the teaching of English in all its aspects, from language and reading in the early years to advanced studies with sixth forms.

Development Control

Recommendations for improving the arrangements for planning control and appeals by simplifying or speeding-up the procedures are put forward by Mr George Dobry, QC, in the final report[1] on his review of the development control system (see p 528, 1973). An interim report was published in January 1974 (see p 71, 1974). The report states that although the planning control system, introduced by the Town and Country Planning Act 1947 and amended and embodied in subsequent legislation, is potentially very good, its procedures are not adequate to meet current needs.

Main Recommendations

Rather than alter the planning system fundamentally, the report suggests a number of steps which could,

[1] *Review of the Development Control System – Final Report.* HMSO, £2·20. ISBN 0 11 750896 9.

within the limits of available resources, be acted upon immediately to improve planning control. These include the following:

1 All planning applications should be divided into two classes. 'Class A' cases (those which are relatively simple, including all applications which comply with an up-to-date development plan) should be quickly processed with the minimum of formality and paperwork. If the planning authority does not announce a decision within 42 days, a 'deemed consent' of permission should follow. 'Class B' cases (those which are more complex and controversial) should have an equally strict timetable, but with a more generous limit of three months.

2 Planning appeals should also be divided into two classes, be subject to a strict timetable, and employ written representation rather than the inquiry method in certain cases.

3 Procedures for dealing with applications should be made uniform, with standard application forms and publicity methods being used throughout England and Wales.

4 There should be more central and local government guidance to the public with explanations of national and local planning policies. Essential to this is the rapid production of structure and local plans, and there should be a national timetable for this. A Planning Control Consultative Committee should be established as a national forum for consultations between the Department of the Environment and the public.

5 Local planning authorities should have additional powers of enforcement, including 'Discovery Notices' to enable them to find out the exact uses to which a site is being put.

6 Special Development Orders could be used to exercise control of special environmental areas of national importance, such as national parks and areas of outstanding natural beauty.

Government Response

Mr John Silkin, Minister for Planning and Local Government, announced on 17 February (*Hansard*, written answers, col 307) that the Government – in consultation with local authorities, professional bodies, the construction industry, and other interested parties – will be considering what action to take on these recommendations.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Britain in Brief. COI, PB5503/74.

Northern Ireland Committee. The establishment of a Standing Committee of the House of Commons to consider specified matters relating exclusively to Northern Ireland, as proposed on 14 January (see p 80) was agreed on 10 February (*Hansard*, cols 163-66).

Parliamentary Commissioner for Administration: Annual Report for 1974 (*Second Report for the Session 1974-5*). Of 653 cases dealt with during the year, 374 fell outside the commissioner's jurisdiction, 27 were discontinued after partial investigation and 252 were fully investigated. In 94 (or 37 per cent) of the 252 cases the commissioner found that there had been elements of maladministration which had led to some measure of injustice. HMSO, 20p. ISBN 0 10 021265 4.

Civil Servants and Change. Report by a Civil Service Department team on attitudes to work and the sense of satisfaction derived from it of Civil Service staff, particularly in middle and lower grades. Obtainable, free of charge, from the Civil Service Department, Whitehall, London SW1 2AZ.

Police Interrogations: Recording Experiment. A Home Office steering committee has been appointed to consider the feasibility of an experiment in the tape recording of police interrogations. *Hansard*, 26.2.75, written answers, col 162.

The Red Lion Square Disorders of 15 June 1974. Report of an inquiry by Lord Justice Scarman, which also considers what lessons may be learned for the better maintenance of public order when demonstrations take place. Cmnd 5919. HMSO, 59p. ISBN 0 10 159190 X.

Complaints Against Solicitors: Lay Observer Appointed. The Lord Chancellor has appointed Rear Admiral Charles Place to be a lay observer to examine written allegations by members of the public concerning The Law Society's treatment of a complaint about a solicitor or his employee. Lord Chancellor's Office press notice, 3.2.75.

Scottish Law Commission, Ninth Annual Report: For 1973-74. HMSO, 41p. ISBN 0 10 021835 0.

Gilbert and Ellice Islands Colony, and the Central and Southern Line Islands. Report for 1972. HMSO, 70p. ISBN 0 11 580160 X.

External Affairs and Defence

Year Book of the Commonwealth, 1974. HMSO, £6. ISBN 0 11 580141 3*.

Economic and Scientific Affairs

Norway. Exchange of Notes between Britain and Norway concerning the creation of certain trawler-free zones in areas adjacent to the present Norwegian fishery limit (see p 54). The Exchange of Notes specifies the zones and periods of closure. Cmnd 5893. HMSO, 8p. ISBN 0 10 158930 1.

Two Orders implementing the agreement embodied in the Exchange of Notes came into effect on 21 February. They are: the Foreign Sea-Fishery Officers (Norway) Order 1975 (SI 1975 No 171) and the Sea Fishing (Waters off Norway) (Prohibition of Trawling) Order 1975 (SI 1975 No 170).

Laos. Exchange of Notes between the Governments of Britain and Laos concerning the participation of the United Kingdom in the Foreign Exchange Operations Fund for Laos. Treaty Series No 10 (1975). Cmnd 5884. HMSO, 12p. ISBN 0 10 158840 2.

Uruguay. Trade Agreement between the European Economic Community and Uruguay. Cmnd 5894. HMSO, 18p. ISBN 0 10 158940 9.

Peru. Exchange of Notes concerning a development loan by the British Government to the Government of the Republic of Peru for studies for the new works of the port system of the Chimbote area. Treaty Series No 18 (1975). Cmnd 5896. HMSO, 20p. ISBN 0 10 158960 3.

Costa Rica. Agreement on technical co-operation between the Governments of Britain and Costa Rica. Costa Rica No 1 (1975). Cmnd 5910. HMSO, 14p. ISBN 0 10 159100 4.

Argentina. Exchange of Notes between the Governments of Britain and Argentina concerning the facilitation of trade and the carriage of goods between the Falkland Islands and the Argentine main-

land. Treaty Series No 26 (1975). Cmnd 5911. HMSO, 8p. ISBN 0 10 159110 1.

Economic and Financial Agreement between Zambia, the International Bank for Reconstruction and Development and Britain amending the Release Agreement of 29 July 1970. Cmnd. 5915 HMSO, 8p. ISBN 0 10 159150 0.

The Convention of Lomé. COI, Factel No 654. February 1975.

Pakistan. Exchange of Notes concerning an interest-free development loan by Britain to Pakistan (United Kingdom/Pakistan (Tarbela No. 8) Loan 1974). The loan is for a sum not exceeding £400,000, forming the final part of Britain's pledged contribution of £10 million for the construction of the Tarbela Dam in Pakistan. Cmnd 5837. HMSO, 12p. ISBN 0 10 158370 2.

Turkey. Exchange of Notes concerning a development loan by Britain to Turkey. (United Kingdom/Turkey (TOPRAKSU On-Farm Development) Loan Agreement 1974). Cmnd 5842. HMSO, 18p. ISBN 0 10 158420 2.

Economic Policy Review. February 1975. No 1. The first issue of a new publication; it contains eight chapters, of which the main one, 'Review of Britain's Economic Prospects 1975-1978', is the joint work of members of the Cambridge Economic Policy Group. University of Cambridge Department of Applied Economics, Sidgwick Avenue, Cambridge. £2·50.

Public Expenditure, Inflation and the Balance of Payments. Ninth Report from the Expenditure Committee, session 1974. An examination of the record of demand management during the past 20 years. It includes papers by several well-known economists who supplied evidence to the committee. HC 328. HMSO, £2·05. ISBN 0 10 232875 7.

The Distribution of Wealth and the Relevance of Age. An analysis of the distribution of private wealth in Great Britain in 1972 by age group. Statistical News No 28 (February 1975). Central Statistical Office. HMSO, 40p. ISBN 0 11 723282 3.

Minimum Lending Rate (MLR). In mid-February the Bank of England's MLR stood at 10·5 per cent, following two reductions of 0·25 per cent on 7 and 14 February respectively. Economic Progress Report. No. 60. March 1975. Central Office of Information.

Relaxation of Restrictions on Banks. The Bank of England, with the approval of the Chancellor of the Exchequer, announced on 28 February the suspension of the supplementary special deposits scheme (see p 194, 1974) and the withdrawal of their request to banks of September 1973 not to pay more than 9·5 per cent on deposits under £10,000 (see p 404, 1973). Bank of England press notice, 28.2.75.

Digest of United Kingdom Energy Statistics 1974. HMSO, £5. ISBN 0 11 410218 X*.

Hallmarking of gold and silver articles. From 1 January the Royal Mint has been authorised to visit and inspect each assay department and to report annually on the accuracy and efficiency of its methods (see Hallmarking Act 1973, p 385, 1973). This replaced the previous Trial of the Diets, the testing for quality of samples of gold and silver articles submitted for hallmarking, which had been in existence for over 200 years. The final Trial of the Diets was held at the Royal Mint on 7 February. Treasury press notice, 7.2.75.

Wool Textile Scheme. The Secretary of State for Industry, Mr Anthony Wedgwood Benn, announced improvements to the assistance scheme to the wool textile industry (see p 324). *Hansard,* 27.2.75, written answers, cols 212-14.

Construction Industry (Consultative Arrangements). It was announced in the House of Commons that a Construction Industry Liaison Group had been set up as a means of improving the consultative arrangements between the Government and the construction industry, with particular reference to the balance of supply and demand. *Hansard,* 4.3.75, written answers, cols 390-1.

Property Services Agency. The Secretary of State for the Environment, Mr Anthony Crosland, said that following the report of the Matthew/Skillington inquiry into standards of design in Government building he had created a post of Director of Design Services for the Property Services Agency. He was also setting up an Environmental Board to consider issues of environmental standards where Government building was concerned. *Hansard,* 4.3.75, written answers, cols 389-90.

Agriculture in Britain COI, R5961.

Agriculture and Food Statistics. A Guide to Official Sources. HMSO, £2. ISBN 0 11 630129 5.

Milk Production. Government observations on the eighth report from the Expenditure Committee. Cmnd 5878. HMSO, 12p. ISBN 0 10 158780 5.

Aid for the Fishing Industry. In answer to a question in the House of Commons the Minister of State at the Ministry of Agriculture, Fisheries and Food announced the Government's decision, subject to parliamentary approval, to provide temporary aid to the fishing industry. Vessels were being taken out of fishing because of rising running costs and temporary aid was felt to be necessary to avoid 'radical contraction leading to permanent structural damage'. The total cost of the aid, which will take the form of flat-rate daily payments varying by class of vessel, is estimated at some £6·25 million. *Hansard,* 27.2.75, written answers, col 206.

Forestry Commission. Fifty-fourth Annual Report and Accounts 1973-74. HMSO, £1·05. ISBN 0 10 020375 2.

Report on Forest Research. HMSO, £1·10. ISBN 0 11 710113 3.

Farming of the Red Deer. The first report of an investigation by the Rowett Research Institute and the Hill Farming Research Organisation. HMSO, £1·70. ISBN 0 11 491183 5.

Contraceptive Sheaths. Report by the Monopolies and Mergers Commission. House of Commons Paper 135. HMSO, 95p. ISBN 0 10 021355 3.

Mr Alan Williams, Minister of State at the Department of Prices and Consumer Protection, told the House of Commons that the report had found that monopoly conditions prevailed in the supply of contraceptive sheaths in Britain because one manufacturer, L.R. Industries Ltd. (LRI), supplied at least one-third of the market. He accepted the recommendations of the report over the action required to remedy or prevent the adverse effects specified and was asking the Director General of Fair Trading to obtain the relevant undertakings from LRI. He was particularly concerned that there should be a substantial reduction in retail prices. *Hansard*, 6.2.75, written answers, cols 629-30.

Retail Prices Index Advisory Committee. Housing costs, weighting and other matters affecting the retail prices index. The report recommends three main changes in the construction of the Retail Prices Index: first, that the 'equivalent' of an owner-occupied house on the free market be replaced by the owner-occupier's mortgage interest payments; second, that weights be based on the pattern of expenditure over the latest 12-month period rather than on the average of three years; and third, that weighing of fruit and vegetables should take account of seasonal variations. Department of Employment. Cmnd 5905. HMSO, 38p. ISBN 0 10 159050 4.

Butter and Cheese Subsidies. The Secretary of State for Prices and Consumer Protection, Mrs Shirley Williams, has announced that, with effect from 3 March, the rate of subsidy on butter (see p 403, 1974) will be increased to £233 a ton of which about £48 a ton will be paid from European Community funds. The increase is to offset part of the price rise resulting from the latest European Community review of the Common Agricultural Policy (see p 95). The cheese subsidy (see p 450, 1974) will remain unchanged. Appropriate amendments will be made to the statutory orders setting maximum prices for butter and cheese (see p 499, 1974 and p 82). Department of Prices and Consumer Protection press notice, 27.2.75.

Inland Revenue Management Review. Proposals of the Review Committee for the Structure of the Department. Available free from the Public Enquiry Room, Board of Inland Revenue, Somerset House, London WC2R 1LB.

Flexible Working Hours. A successful flexible working hours experiment in local offices of the Department of Health and Social Security is described in the current (February 1975) issue of *Management Services in Government.* Annual subscription £1·40. Civil Service Department, Whitehall, London SW1A 2AZ.

Women and Work: a Review. Manpower Paper No 11. Department of Employment. HMSO, 71p. ISBN 0 11 360682 6.

Women and Work: Overseas Practice. Manpower Paper No 12. Department of Employment. HMSO, £1. ISBN 0 11 360683 4.

Review Body on Doctors' and Dentists' Remuneration. Supplement to Fourth Report (see p 296, 1974). Cmnd 5849. HMSO, 20p. ISBN 0 10 158490 3.

Inquiry into the Pay and Related Conditions of Service of the Professions Supplementary to Medicine and Speech Therapists. Report of the Halsbury Committee. Department of Health and Social Security. HMSO, 80p. ISBN 0 11 320607 0.

Supplement to the Report of the Committee of Inquiry into Pay and Related Conditions of Service of Nurses and Midwives (see p 449, 1974). HMSO, 12p. ISBN 0 11 320615 1.

Merchant Shipping (Diving Operations) Regulations 1974 (SI No 116, 1975). These regulations, which come into force on 1 March, are similar to the Offshore Installations (Diving Operations) Regulations 1974 (see p 363, 1974). They require that all plant and equipment associated with diving are properly maintained, that all diving personnel are suitably qualified and medically fit and that all diving operations are carried out in accordance with safety procedures. Although the new regulations control only diving operations from British ships, the United Kingdom Offshore Operators Association has recommended that all its members adopt them in all their diving operations, including those from foreign vessels in the British sector of the Continental Shelf. Department of Trade press notice, 28.2.75.

Vinyl Chloride. Code of Practice for Health Precautions. Health and Safety Executive, Baynards House, 1 Chepstow Place, London W2 4TY.

Census of Motor Vehicles 1974. In the third quarter of 1974 there were over 17 million motor vehicles in use in Great Britain including 13·6 million cars, 1 million motorcycles, scooters and mopeds, 107,000 public road passenger vehicles and 1·7 million general goods vehicles. The number of vehicles increased by 1·4 per cent compared with the corresponding period of 1973. The rise in the number of cars, 142,000 (1·1 per cent), was the smallest in any year since 1948. Department of the Environment press notice, 7.2.75.

Report on Research and Development. Department of Industry. HMSO, £1·10. ISBN 0 11 511156 5.

Annual Report on Departmental Research and Development 1974. Department of Health and Social Security. HMSO, 80p. ISBN 0 11 320600 3.

Novel Protein Foods. Report of Foods Standards Committee. Chairman, Professor A. G. Ward. Ministry of Agriculture, Fisheries and Food. HMSO, 75p. ISBN 0 11 240829 X.

The Toxicity of Plutonium. Report prepared by the Medical Research Council Committee on Protection Against Ionising Radiation. HMSO, 45p. ISBN 0 11 450030 4.

Though the metal plutonium and its compounds are among the most carcinogenic substances known, the report concludes that so far there has been no cancer in man in Britain which can confidently be attributed to plutonium. This is due in large measure to systems of radiological protection and the caution with which safety standards have been set in the past. Existing derived standards fulfil the intentions of the International Commission on Radiological Protection.

Institute of Geological Sciences. Annual Report for 1973. HMSO, £2·50. ISBN 0 85272 054 8.

Greater London Council, Annual Report of Scientific Adviser 1973. From: GLC, The County Hall, London SE1. £4·25. ISBN 0 7168 0609 6.

Social and Cultural Affairs

Census 1971: Scotland: Gaelic Report. The number of people in Scotland able to speak both Gaelic and English increased from 80,004 to 88,415 between 1961 and 1971 while the number of people speaking only Gaelic fell from 974 to 477. HMSO, £1·05. ISBN 0 11 491186 X.

The Public and the Police. The results of an independent study of the relationship between the Metropolitan Police and the public in London. Carried out by a team under Dr W. A. Belson, Director of the Survey Research Centre at the London School of Economics and Political Science the study found that the attitudes of adults to the police tended to be markedly favourable, and those of young people were also in general quite favourable, although less so than those of adults. Policemen themselves underestimated the public's regard for them. Harper and Row, 28 Tavistock Street, London WC2E 7PN. £1·85. ISBN 0 06 318025 1.

United States. Exchange of Notes between Britain and the United States of America concerning Mutual Co-operation between the Social Security Authorities of Britain and the USA. Cmnd 5914. HMSO, 8p. ISBN 0 10 159140 3.

Social Security. Convention between Britain and the Federal Republic of Germany on provision of Benefits in Kind within Sickness Insurance. Cmnd 5885. HMSO, 12p. ISBN 0 10 158850 X.

Romania. Health Services Convention between Britain and Romania. Cmnd 5895 HMSO, 14p. ISBN 0 10 158950 6.

In Other Words – a Layman's Guide to Educational Terms. Inner London Education Authority. Free on demand from ILEA, County Hall, London SE1 7PB.

National Foundation for Educational Research. 28th Annual Report 1973-74. Gives an account of the foundation's activities and a bibliography of its publications. Free on demand from NFER, The Mere, Upton Park, Slough SL1 2DQ.

A Year Between School and University. By Lea Orr. A report based on research into the academic success of those who take this break. National Foundation for Educational Research, £1·50. ISBN 0 85633 053 1.

Marshall Scholarships. Twenty-first annual report of the Marshall Aid Commemoration Commission for the year ended 30 September 1974. Cmnd 5913. HMSO, 22p. ISBN 0 10 159130 6.

Race Relations and Immigration. First Special Report from the Select Committee, Session 1974-75. The committee's subject of inquiry for the present session is the organisation of race relations administration. HMSO, 8p. ISBN 0 10 021905 5.

Sports Council Grant. Subject to parliamentary approval the Government intends to increase its grant to the Sports Council from some £6·7 million in 1974-75 to £7·85 million in 1975-76. Department of the Environment press notice, 26.2.75.

Royal Commission on the Press. Professor Oliver McGregor has been appointed chairman of the Royal Commission on the Press (see p 153, 1974) in succession to Sir Morris Finer who died in December 1974. Royal Commission on the Press press notice, 12.2.75.

Grant to Arts Council of Great Britain. The Minister for the Arts announced in the House of Commons that, subject to parliamentary approval, the grant-in-aid for the Arts Council of Great Britain for 1975-76 will be £26·15 million. If approved this will represent an increase of £4·8 million or 22·5 per cent over the total grant of £21·3 million to the Arts Council of Great Britain for the financial year 1974-75. *Hansard,* 3.3.75, written answers, col 306.

Conservation in Museums and Galleries. A Survey of Facilities in the United Kingdom. A report published by the United Kingdom Group of the International Institute for Conservation of Historic and Artistic Works. Copies obtainable from IIC UK Group, c/o 608 Grand Buildings, Trafalgar Square, London WC2N 5HN. £1. ISBN 0 9500525 4 X.

Denmark. Cultural Convention between Britain and Denmark. Cmnd 5887. HMSO, 12p. ISBN 0 10 158870 4.

Indonesia. Agreement concerning the voluntary contributions to be given for the execution of the project to preserve the Buddhist temple at Borobudur (see p 116, 1974). Treaty Series No 3 (1975). Cmnd 5883. HMSO, 12p. ISBN 0 10 158830 5.

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